

**INTERNAL AUDITING AND PERFORMANCE OF BUSINESS ENTERPRISES IN  
UGANDA**

**A CASE STUDY OF SHOPRITE SUPERMARKET KAMPALA DISTRICT**



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**2013-B021- 10097**

**UGANDA MARTYRS UNIVERSITY**

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**A DISSERTATION SUBMITTED IN PARTIAL FULFILLMENT FOR THE AWARD OF  
A BACHELORS DEGREE OF BUSINESS ADMINISTRATION AND MANAGEMENT  
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## **Dedication**

I dedicate this dissertation to my parents Mr. James Sekayi and Mrs. Caroline Lwanga Sekayi. God's blessings to you. I also in a special way dedicate this dissertation to my mother Mrs. Caroline Lwanga Sekayi for the encouragement she gave me. Thank you for not giving up on me and may the Lord bless you abundantly.

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Producing this dissertation is both an academic adventure and an achievement on my side. However, it was done with the help and support of some individuals whom I owe a depth of gratitude.

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## **Abbreviations/Acronyms**

<b>CIIA</b>	Chartered Institute of Internal Auditors
<b>IIA</b>	Institute of Internal Auditors
<b>KCCA</b>	Kampala Capital City Authority
<b>URA</b>	Uganda Revenue Authority
<b>WBS</b>	Wavah Broadcasting Services
<b>URA</b>	Uganda Revenue Authority
<b>SPSS</b>	Statistical Package for Social Scientists

## **Definition of key terms and concepts**

**Internal auditing:** An independent, objective assurance and consulting activity designed to add value and improve an organization's operations by helping an organization accomplish its objectives and bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes.

**Business enterprise:** The activity of providing goods and services involving financial, commercial and or industrial aspects.

**Effectiveness:** The degree to which objectives are achieved and the extent to which targeted problems are solved.

**Efficiency:** means competency in performance while being able to accomplish something with the least cost, waste of time and effort.

**Outputs:** Tangible, specific products produced by the business process or activity.

**Performance:** The accomplishment of a given task measured against preset known standards of accuracy, completeness, cost and speed, performance comprises of the actual output or results of an organisation as measured against its intended outputs or objectives.

## **ABSTRACT**

This study on the effect of internal auditing on performance of business enterprises in Uganda was carried out in Shoprite Supermarket in Kampala District. This study was carried out with a hope of establishing whether an effective internal auditing system would improve performance.

In this study, research objectives were set to establish whether internal auditing reports have an effect on performance of business enterprises in Uganda, to establish whether internal audit reviews and recommendations are key to effective performance of business enterprises in Uganda and to establish whether the independence of the internal audit function influence overall organizational performance.

To achieve this, primary data was collected through questionnaires that were distributed to the employees working with Shoprite Supermarkets from the six departments that included; administration, accounting and finance, internal audit, customer care, marketing and procurement and logistics. Primary data was analyzed using descriptive statistics, tables, frequency counts, figures and percentages.

On the other hand, secondary data was collected from sources that included; text books, website journals, international published journals, articles and news paper reports.

Findings were; the problem of poor performance that persisted at Shoprite Supermarket was due to the weak internal auditing system used. Management did not ensure that the internal auditing activity is used optimally. While internal audit reports were not used properly, internal audit reviews and recommendations were not used effectively. And on top of these, the independence of the internal audit function was not respected by management as expected.

It is recommended that management in business enterprises should ensure that internal auditing is often seen as an independent, objective assurance and consulting activity which should be optimally used to reduce, avoid or mitigate risks, add value and improve an organization's operations and lead to improved performance. Future research studies should also focus on the effect of risk management and performance of business enterprises in Uganda.

## **CHAPTER ONE**

### **1.0 INTRODUCTION**

This research investigated the effect of internal auditing on performance of business enterprises in Kampala District Uganda, a case study of Shoprite Supermarket. As far as the area of internal auditing is concerned, more emphasis has been put on the effect of the internal auditing function on performance of organizations. According to Mohammed Al-Matari et al. (2014), research studies emphasized that the effectiveness of the internal auditing function assists in developing the organization's work. In this regard, this research focused on providing management an insight of an effective internal auditing system in improving performance of business enterprises. Chapter one presents the background to the study, the background to the case study, statement of the problem, broad objective of the study, research objectives and questions. It also presents the justification and significance of the study, the scope of the study, the conceptual framework and conclusion to chapter one.

### **1.1 Background to the Study**

Auditing existed primarily for governmental accounting that was most concerned with record-keeping and accounting procedures. During the Industrial revolution roughly from 1750 to 1850, auditing began evolving into a field of fraud detection done as an internal auditing activity but without organisation and no particular standards of conduct (Lee- Tech and Azham, 2005).

Internal auditing was traditionally perceived as a clerical function of checks and audits which involved checking the accounting work after it was completed in order to locate errors in postings and footings. However due to the harsh economic climate, market conditions, internationalization and cost-awareness, internal auditing was formally established as a critical

need by organisations to examine and evaluate the performance of their liquid assets and to give attention on how to manage significant risks (O'Regan, 2002).

In 1938, the practice of internal auditing was formally described with the foundation of the Institute of Internal Auditors. This was around the turn of the 20<sup>th</sup> century as business activities grew in size, scope and complexity, whereby a formal internal auditing approach was introduced (Moeller and Witt, 2005).

Throughout the 20<sup>th</sup> century, internal auditing continued to change face in the way it was understood and performed in organisations around the world. It started to evaluate all the activities of organisations to ensure that they functioned more effectively, efficiently and economically (Pickett, 2005).

To date, internal auditing has achieved a level of professionalism that is acknowledged around the globe, whereby the Institute of Internal Auditors (IIA) has developed the standard for the professional practice of internal auditing referred to as “the standards”. This has helped the profession to assist management of all organizations including business enterprises in the decision to avoid, share, reduce, mitigate or accept risks (Global Institute of Internal Auditors 2005).

Business enterprises began being incorporated in England in 1600 during the Elizabethan era. This was a period when businessmen were beginning to accumulate substantial surpluses, and overseas exploration and trade presented expanded investment opportunities (Lawrie and Cobbold, 2004).

The state was given overriding regulatory powers which sought to ensure that business activity was consonant with current mercantilist conceptions of national prosperity whereby the first joint-stock companies financed with private capital were created by public charters, setting

down in detail the activities in which the enterprises might operate (Global Journal of Management and Business Research, 2014).

In Uganda, the most common forms of business enterprises are the sole proprietorship, general partnership, limited liability companies and corporations of which each form has defined objectives to be achieved as they strive to operate and define regulatory requirements for easy setup and periodic reporting requirements. The state is given overriding regulatory powers which through the registrar of companies act Cap. 27 ensure that prior their registration, the business enterprises' activities are in line with the regulatory laws.

However, business enterprises both in the private and public sectors have experienced many new challenges and demands as they strive to operate and continue to grow in size, scope and complexity. The new challenges include; a harsh economic climate, rapid developments in technology, competitive market conditions and cost awareness on use of resources, which have demonstrated the demand and need for performing internal audits in order to give attention to how their defined objectives can be achieved (Tackett and Gregory 2006).

As far as the challenges of business enterprises are concerned, internal auditing needs to be performed as the best solution that gives attention to how the challenges can be addressed and how the defined objectives could be achieved in this era of competitiveness (Arena and Azzone, 2009).

According to the Chartered Institute of Internal Auditors (CIIA,2005), internal auditing allows all business enterprises in the decision to share reviews, accept appraisals done and work to reduce, avoid or mitigate risks in order to maintain financial reliability and increased productivity.

Pickett and Spencer (2011) adds that internal auditing is an activity which examines and evaluates the benefits of resources utilised and also works as a continuous and critical appraisal of an enterprise's functioning with a view of suggesting improvements thereto that add value to strengthen the governance mechanism and enhance performance.

Mohammed Al -Atari et al.(2014) point out that what is more important is for employees from operational levels, to understand what defines performance of business enterprises in order to relate well how internal auditing can work as a continuous and critical appraisal of the functioning of an enterprise.

Accordingly, Richardson (2009) relates that performance of business enterprises is the condition when the general behaviour of the business demonstrates that resources are used economically, effectively and efficiently while at the same time employees take account of how to maximize opportunities which help the enterprise create and maintain wealth.

Hewitt (2009) adds that performance of business enterprise is when employees from all operational levels are working under preset known standards to achieve the defined objectives and are also maximizing the opportunities which help the enterprise sustain its operations without incurring any losses.

Lee and Azham (2008) mention that since better performance is one of most desired objectives to be achieved by business enterprises, the internal audit activity should be the opportunity which when maximized enhances performance. The internal audit activity can then help the concerned organisation in the decision to conduct and share reviews, work to reduce, avoid or mitigate risks and sustain its operations without incurring any losses.



According to the Global Journal of Management and Business Research (2014), when business enterprises fail to use the internal audit activity as the opportunity which should be maximized to help them in the decision to conduct and share reviews, work to reduce, avoid or mitigate risks and sustain their operations without incurring any losses, they will continuously face the problem of poor performance.

To date, Shoprite Supermarket a case study of this research is one among other business enterprises in Uganda, reportedly facing a persistent problem of poor performance despite the existence of an internal auditing system (The New vision Monday August 06, 2014). One wonders whether the cause of the problem is due to the weak internal auditing system used.

### **1.1.1 Background to the case study**

Shoprite Supermarket was opened in the year 2000 by the Shoprite group from South Africa as a large retail store in Kampala, Uganda to offer excellent services and a wide range of quality products like; food and meat products, household goods and other small appliances. In order to reach out to all classes of customers around Kampala city and its suburbs, three Shoprite supermarkets were opened; one at Lugogo Shopping Mall, another at Ben Kiwanuka Street and another at Naalya one of Kampala city suburbs.

At the moment, Shoprite Supermarket is seen to use an internal auditing system but is facing a persistent problem which is poor performance. It is arguable whether the cause of the problem is due to the weak internal auditing system used.

According to the New Vision press report, it was revealed that Shoprite management was challenged to meet the business profitability especially after the closure of Shoprite Supermarket food section at Lugogo Shopping Mall by KCCA over failure to observe health standards.

In another press report, it was also revealed that Shoprite management had earlier on closed off its Supermarket located at Naalya by November 2014, citing poor returns on investments and failure to sustain its operations. The decision followed the closure of the supermarket's food section by KCCA public health enforcement department due to failure of Shoprite management to comply with the required health regulations. Yet according to public opinions, people generally believed that Shoprite Supermarkets' internal auditors conduct reviews and provide reports with recommendations on non-compliance activities for all operational areas (The Daily Monitor, Monday March 06, 2015).

## **1.2 Problem Statement**

The performance of organisations in this era of competitiveness is largely dictated by internal auditing, a consulting activity recognized to help all types of organizations improve performance by conducting reviews and appraisals on all operational areas and suggest and recommend improvements thereto that add value to their performance (Soh and Bennie, 2011).

Poor performance remains a precipitating factor that persists in business enterprises in Uganda. According to the Observer newspaper correspondence, WBS a broad casting business enterprise was reportedly pronounced a receivership by URA due to failure to pay taxes amounting to over 4 billion shillings that had accumulated since the year 2015. Yet it was believed to be one of the best performing television companies in providing broadcasting services (The Observer March 07, 2016).

In another press report of New Vision, Warid a telecommunication business enterprise established to provide telecommunication and internet services was taken over by Airtel in February 2013, due to failure to meet its operating costs, while Uchumi Supermarket pulled out

of Uganda in 2014 due to failure to sustain its operational costs and maintain its liquid assets (The New Vision March 23, 2016).

The New Vision correspondence further reported that management of Shoprite Supermarkets was debating on whether their supermarkets should continue to compete in Uganda when they no longer performed to meet their operational costs. The report revealed that many customers were turning away from buying the food and meat products marketed by Shoprite Supermarkets because they no longer trusted the quality of customer service, store administration and products on the shelves (The New Vision, March 23 2016).

It is arguable whether the cause of these business enterprises' poor performance is due to a weak internal auditing system used among the other factors prevalent for their poor performance. Despite the fact that internal auditing is a consulting activity that helps each type of organisation to conduct reviews on all activities of all operational areas and suggest and recommend improvements thereto that add value to their performance. One wonders whether using a weak internal auditing system would continue to help business enterprises address the problem of poor performance that persists.

The study intended to investigate whether internal auditing had any effect on performance of business enterprises in Kampala District, Uganda. In order to investigate the identified problem of poor performance that persists and in an effort to see whether it can be addressed, the researcher conducted the study basing on the objectives and research questions that follow.

### **1.3 The Broad objective of the study**

The broad objective of the study was to evaluate and establish the effect of internal auditing on the performance of business enterprises in Uganda like Shoprite Supermarket.

## **1.4 Specific objectives of the study**

The study sought specifically;

- 1) To establish whether internal audit reports have an effect on performance of business enterprises in Uganda.
- 2) To establish whether internal audit reviews and recommendations are key to effective performance business enterprises in Uganda.
- 3) To establish whether the independence of the internal audit function influences overall organizational performance.

## **1.5 Research questions**

- 1) Do internal audit reports have an effect on performance of business enterprises in Uganda?
- 2) Are internal audit reviews and recommendations key to effective performance of business enterprises in Uganda?
- 3) How does the independence of the internal audit function influence overall organizational performance?

## **1.6 Scope of the study**

### **1.6.1 Content scope**

The content scope focused on establishing why poor performance persists in business enterprises like Shoprite supermarkets in Kampala district. It also focused on establishing whether; internal auditing reports had an effect on performance of business enterprises, internal audit reviews and recommendations are key to effective performance of business enterprises in Uganda. The

content scope further established whether the independence of the internal audit function influenced overall organizational performance.

### **1.6.2 Geographical scope**

The study was confined to Kampala District, Shoprite supermarkets located at Lugogo and Ben Kiwanuka Street.

### **1.6.3 Time scope**

Creswell (2005) defines the time scope as the period covered by the information investigated by the research study. The study was conducted within the period 2014 - 2016 as the period the problem was reported (2014) to when the final report was written on how internal auditing had an effect on performance of business enterprises.

## **1.7 Justification of the study**

What justified the researcher to conduct the study was to see whether results would help business enterprises in Kampala district Uganda address the problem of poor performance that persists especially whose desire upon establishment was to be competitive and excellent markets which sell a wide range of quality products.

The researcher endeavored to see whether findings would help the management of business enterprises like Shoprite Supermarket consider adopting an internal audit system that would enable them improve performance of the enterprise.

The researcher conducted the study through establishing whether; internal auditing reports had an effect on performance of Shoprite Supermarket, internal audit reviews and recommendations

were key to good performance of Shoprite Supermarket in Uganda and establishing whether the independence of the internal audit function influenced overall organizational performance.

### **1.8 Significance of the Study**

- The study and its findings would enable the management of business enterprises like Shoprite Supermarket get insights on using an effective internal audit system that would help them understand the anomalies in their operations and take corrective action to address the problems that arise.
- The study and its findings would also help to improve the effectiveness of the operational processes.
- The study and its findings would also be of benefit to other scholars and academicians carrying on research to explore further what the researcher has not explored regarding risk management in organizations.

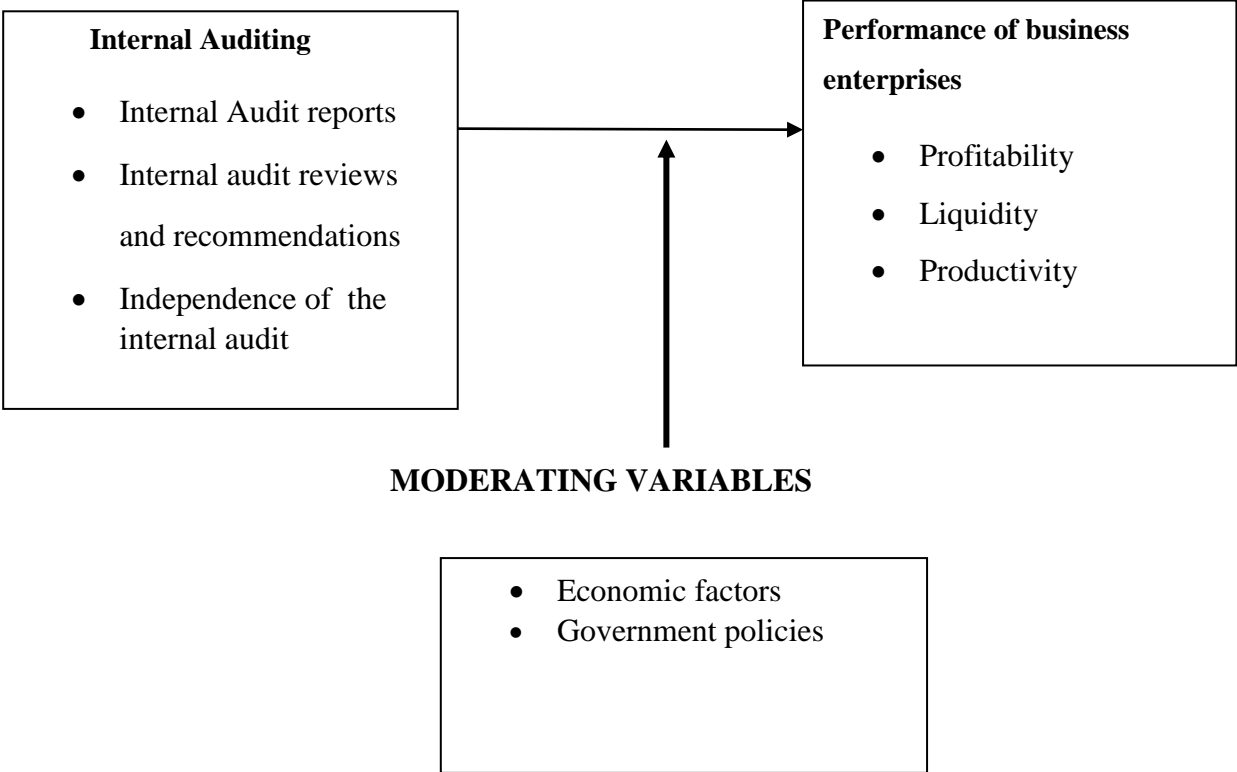
### **1.9 Conceptual Framework and the Variables Involved in the Study**

Reedy and Omrod (2005) say that every study should be put into perspective by a theory or conceptual framework. In order to put the themes derived and specific objectives that the study sought into perspective, the researcher found it necessary to use the conceptual framework. This was accompanied by the theory related with literature reviewed whose concepts concur well with other scholars' views on internal auditing. Figure 1 below, is an overview of how the variables involved in the study were conceptualised.

**Figure 1: Conceptual Framework**

**INDEPENDENT VARIABLE**

**DEPENDENT VARIABLE**



Source: Adapted from Institute of Internal Auditors (IIAA, 2005)

The Institute of Internal Auditors (IIA 2005) points out that internal auditing is an independent assurance and consulting activity designed to add value and improve the organization’s objectives of which most enterprises’ desired objective is good performance.

From Figure 1 above, performance of business enterprises is the dependent variable which is looked at in terms of profitability, liquidity and productivity because scholars on the subject suggest that these are the dependent variables that make performance (Richardson 2009).

In addition, internal auditing that is the independent variable is looked at in terms of its indicators that include internal audit reports, internal audit reviews and recommendations and independence of the internal audit (Institute of Internal Auditors 2005).

There are also moderating variables that include economic factors for example tax regulations that affect the business enterprises' market conditions, and government policies like taking account of environmental awareness and specific healthy standards which may equally have an effect on performance of business enterprises (Schreyer, 2005).

### **1.10 Conclusion**

This chapter concentrated on presenting the background to the study, the background to the case study, statement of the problem, broad objective of the study, research objectives and questions, justification and significance of the study. This chapter also presented the conceptual framework and briefly explained the variables considered to influence performance of business enterprises in Kampala District Uganda. Chapter two that follows presents the review of relevant literature that related well with the study in regard of the conceptual framework variables and research objectives.



## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.0 Introduction**

This chapter presents the review of literature based on the variables that were conceptualised and studied in consideration of past and current authors' points of view. The chapter ends with the conclusion. According to Levy and Ellis (2006), literature review serves as the fountain upon which the research is built and thus plays a central role in helping the researcher discuss, interpret and make sense of the findings.

Literature reviewed is in accordance with the major themes derived and specific objectives that were sought by the study and put into perspective by the researcher using the conceptual framework variables and theory related with literature reviewed. The concepts reviewed concur well with other scholars' views on the variables that were presented.

#### **2.1 Overview on internal auditing**

Touche (2004) notes that prior to 1941, internal auditing traditionally focused on financial audit in many organizations, whereby the internal audit departments were heavily involved in the review of financial statements.

Shangin (2004) adds also that prior to 1941, the internal auditing function was essentially an arm of the accounting function of which much of the record keeping at that time was performed manually because manual processing made fraud detection easier and auditors were needed to check the accounting work after it was completed in order to locate errors in postings and footings. Internal auditing was essentially a clerical function with no organisation and no particular standards of conduct.

Picket (2004) points out that it was until the Institute of Internal Auditors (IIA) developed the standard for the professional practice of internal auditing hereafter referred to as the “standards”, that the nature of practice and the way in which internal auditing is both understood and performed in organisations around the world changed.

According to the Institute of Internal Auditors (2005) and because of the developed standards, internal auditing was seen to be defined as an independent, objective assurance and consulting activity, designed to add value and improve all operations of an organisation. It became an effective way of preventing problems as opposed to reacting to them only after loss has taken place.

The Global Institute of Internal Auditors (2005) mention that in scope, internal auditing has indicators that include; internal audit reports, internal audit reviews and recommendations and the independence of the internal audit function which can be extremely beneficial to the performance of business enterprises.

Soh and Bennie (2011) state that internal auditing is often seen as an overall monitoring activity whose responsibility is to use defined means and help organisations assess, evaluate and appraise all operational areas in order to improve their performance.

### **2.1.1 Internal Audit Reports**

Arena and Azzone (2009) mention that internal audit reports are tools which communicate any noncompliance activities within an enterprise and also reflect the assessed gaps in all operational areas and levels of the business enterprise. In this way, internal audit reports are effective ways of preventing problems as opposed to reacting to them only after a loss has taken place.

According to Millichamp and Taylor (2008), internal audit reports allow management and staff employees to view the criticisms provided on reviews conducted and recommendations provided thereafter, to make improvements on the identified gaps related to activities performed at different operational levels within organisations.

### **2.1.2 Internal Audit Reviews and Recommendations**

According to Picket (2005), internal audit reviews and recommendations are very important indicators when it comes to checking on the anomalies found in activities that are performed by all employees working with all operational areas in the organisation.

Tackett and Gregory (2006) relate that it is internal audit reviews and recommendations which bring on board a systematic and disciplined approach of how employees from all operational areas in an organisation should work best and successfully discharge off their responsibilities most especially when internal audits are conducted freely and in an independent manner.

### **2.1.3 Independence of the internal audit function**

According to the Institute of Internal Auditors (2012), independence relates to the internal auditors' ability to undertake audits without any form of impediments and in a manner that is free of all forms of bias, which can be achieved through unrestricted access to all areas of review selected by the internal audit.

Prawitt et al. (2009) emphasize that independence of the internal audit means that internal audit activities should not be restricted to conduct only financial related issues but should involve unrestricted critical appraisals of the functioning of all operational areas within an enterprise with a view to suggesting profitable improvements which enhance performance.

## **2.2 Overview on Performance of business enterprises**

Hewitt (2009) mentions that performance of a business enterprise is when the given tasks measured against preset known standards of accuracy, completeness, cost and speed are accomplished and the general behaviour of the business ensures economical, effective and efficient use of resources.

Richardson (2009) further adds that performance of business enterprise is when the given tasks as measured against preset known standards are accomplished whereby employees from all operational levels demonstrate that they have taken account of maximising the opportunities which create and sustain wealth for the business enterprise.

Shelley (2006) relate that performance of business enterprises emphasizes using the available resources in a cost effective manner and maximizing the opportunities which redirect how to create and sustain wealth for the enterprise in terms of profitability, liquidity and productivity.

### **2.2.1 Profitability**

The Global Journal of Management and Business Research (2014), notes that profitability is the ability of a business enterprise to earn a profit while using standardized means of determining which areas of a financial strategy are performing well and which ones need improvement.

According to The Institute of Internal auditors (2009), profitability is the primary goal of all business ventures without which the business will not survive in the long run because it measures the ability with which the business is in position to sustain its operations without incurring any losses.

### **2.2.2 Liquidity**

According to Shelley (2006) liquidity measures the ease with which the enterprise can meet their financial obligations with the liquid assets available to them. It is the state of owning assets which can easily be turned into cash to allow enterprises meet their financial obligations and remain competitive in the market place.

### **2.2.3 Productivity**

According to Jhingan (2004), productivity in economic terms is commonly defined as a ratio between the output volume and the volume of inputs. In other words, it measures how efficiently production inputs, such as labour and capital, are being used in an economy to produce a given level of output.

Schreyer (2005) contends that productivity in this way measures the efficiency of a company's production process determined by dividing the outputs produced by a company by the inputs used in its production process, whereby common inputs like labour hours, capital or raw material should be utilised in the most efficient manner possible.

## **2.3 Actual Review of Literature**

### **2.3.1 Internal Auditing and its effect on performance of business enterprises**

The Institute of Internal Auditors (IIA 2005) notes that internal auditing is an independent appraisal activity which objectively examines internal control systems, reviews and reports on

the performance of all operational areas and levels and makes recommendations on how they should efficiently and effectively use the resources.

Millichamp and Taylor (2011) say that internal auditing in its assurance and consulting roles, assists members in many organisations both employees and the board, to minimize losses that are prevailing, by furnishing them with analysis, appraisals, recommendations, counsel, and information concerning the activities performed.

Pickett and Spencer (2011) add that internal auditing is an independent, systematic and standardised appraisal mechanism which through audit reports communicates how to maximize business opportunities like profitability, liquidity and productivity and minimize risks in order to remain competitive in the market place.

### **2.3.2 Internal Audit reports and its effect of performance of business enterprises**

Garen (2005) states that internal audit reports communicate to whoever works with an enterprise what anomalies identified should be corrected and thus allow management and staff learn and work together to achieve a satisfactory level of profitability and productivity.

Tackett and Gregory (2006) mention that internal audit reports are tools meant to assist all members at management level in the effective discharge of their responsibilities by furnishing them with analyses, appraisals and recommendations and pertinent comments concerning anomalies in activities performed.

### **2.3.3 Internal audit reviews and recommendations and effective performance of business enterprises**

Sayag (2010) says that internal audit reviews and recommendations are key to effective performance of business enterprises because by performing periodic internal audit reviews,

recommendations provided make employees think about their performance and what they should improve on to make the business enterprise increase its productivity.

Prawitt et al (2009) contends that internal audit reviews and recommendations in this way become a very important communication means meant to demand staff employees from all operational levels, demonstrate how best they should have performed for the enterprise and thereafter achieve satisfactory levels of profitability and productivity.

Paulson and Hughes (2007) add that it is the internal audit reviews which evaluate and appraise the employees for whatever is done within operational areas and thereto commit them to improve on their work, while recommendations provide a clear picture on how management and employees should pursue delivering what adds value to the organization to ensure increased profitability and productivity. In this case internal audit reviews and recommendations offer consultation services which play a very important role in improving the organisation's operations as a whole.

Wines (2012), argues that internal audit reviews and recommendations offer consultation services recognized to improve business enterprises' operations as a whole, especially when there is demonstrated independence of the internal audit function which undertakes internal audits.

### **2.3.3 Independence of internal audit function and overall performance of business enterprises**

Dickins (2009) contends that many positive images can result by this concept of independence which include; objectivity, impartiality, unbiased views, a valid opinion and no spying for

management. Independence of the internal function is thus fundamental to the reliability of internal auditor's reports and recommendations and overall performance of business enterprises.

Dittenhofer (2008) relates that the independence of the internal audit function permits internal auditors to perform audits without any form of impediments of which the whole management process maintains that there is no interference in order to increase the reliability of information provided.

As Stewart and Subramanian (2010) emphasise, the independence of the internal audit function will render successful implementation of internal audit activities which have to measure with the objectivity of the internal audit reports in communicating non compliance issues and there after guide management and employees how well a business enterprise should use its resources from its primary mode of business to sustain profitability.

## **2.4 Conclusion**

Literature reviewed was in view of variables conceptualised in the conceptual framework and in accordance with the research objectives. All theories put together were found to explain how internal auditing has an effect on performance business enterprises in Kampala District, Uganda.

In conclusion, literature reviewed to a large extent helped the researcher in the discussion of findings to draw conclusions for the study and make recommendations. This chapter is followed by chapter three that consists of the methods that were followed in conducting the entire study.



## **CHAPTER THREE**

### **RESEARCH DESIGN AND METHODOLOGY**

#### **3.0 Introduction**

This chapter presents a description of the methods that were used by the researcher to collect data. It describes the research design and justification for the research design as well as the methodology that was be used by the researcher which include the sample details in respect of sampling methods used and their justification. This chapter also describes the data collection methods and instruments and rationale behind the data collection instruments. This chapter also describes data capture and analysis and ethical considerations and limitations to the study.

#### **3.1 The Research Design**

A research design is defined as the conceptual structure within which research is conducted purposely to provide for the collection of relevant information with minimal expenditure of time and money (Creswell, 2005).

The researcher used a research questionnaire to collect relevant information in respect to the objectives sought by the study. Using the research questionnaire allowed the researcher to collect data on given variables at a given period of time and to examine and describe the situation as it exists in its current state. This is because it was structured in a manner that was easy to interpret by the respondents and generate responses timely. Furthermore, the research questionnaire was also the most convenient to use by respondents who could answer when they have time.

### **3.2 Area of the Study**

The study was confined to Kampala District in Uganda, at Shoprite supermarkets located at Lugogo and Ben Kiwanuka Street

### **3.3 Study Population**

The study population that was initially selected totaled to 65 respondents as shown in table 3.1 and comprised of staff employees from different departments of the two Shoprite supermarkets two branches located at Lugogo Shopping Mall and Ben Kiwanuka Street. The different departments included administration, accounting and finance, internal audit, customer care, procurement and logistics and marketing.

### **3.4 Sample Size**

According to Leedy and Ormrod (2013), the sample size is defined as the sub-population to be studied in order to make an inference to a study population. Initially, a sample size of 65 respondents was expected and were drawn from different departments that included; administration (7), accounting and finance (20), internal audit (6), customer care (10), procurement and logistics (12) and marketing (10). The rationale is that all these people are employees of Shoprite supermarket.

However this was not possible because the number of respondents were not able to fill the questionnaires due to a number of reasons as 50 out 65 respondents were able to do so. This sample size was above the 40 mark which is said to be representative enough in conformity with what Kothari (2005) suggests that the sample size larger than 30 and less than 500 respondents is appropriate for most studies. The researcher selected respondents according to their willingness to provide information and fill in the questionnaire as shown below by table 3. 1 for the sample size of the respondents.

**Table 3.1: Sample Size of the Respondents**

<b>Department</b>	<b>Population</b>	<b>Sample size</b>
Administration	7	4
Accounting and Finance	20	16
Internal Audit	6	4
Customer Care	10	8
Procurement and Logistics	12	10
Marketing	10	8
<b>Total</b>	<b>65</b>	<b>50</b>

*Source: Primary data (2016)*

### **3.5 Sampling Techniques**

Creswell (2005) define sampling as a method of studying from a few selected items, instead of the entire big number of units while sampling techniques are defined as techniques used to select a sample from within a general population. The researcher used two sampling techniques to

select a sample from within a general population that included purposive sampling and stratified random sampling.

Leedy and Omrod (2013) note that purposive sampling is a technique of selecting the elements on the basis of the respondents' ability to participate in the study. The researcher used purposive sampling because it involved selecting a certain number of respondents based on their ability to participate in the study and the nature of their work in business enterprise involved.

The researcher also used stratified random sampling that involved organizing the units in the population into strata using common characteristics of activities performed. This technique was in consideration of the categorisation of sample elements that included accountants, administrators, auditors, cashiers, and other staff employees from customer care, marketing, procurement and logistics who were believed to compose an appropriate representative sample.

### **3.6 Data Collection Sources**

The sources of data collection that were used during the study are primary and secondary. The rationale is that the research study began from a literature review research perspective that required using secondary sources which were followed by primary sources.

#### **3.6.1 Primary Data Sources**

According to Leedy and Ormrod (2013) primary data means first hand data drawn from people actually involved in the act, of which data is provided using sources that include; interviews, observations and questionnaires. In this research study, first hand data was drawn from management and staff of Shoprite Supermarkets whereby the questionnaires were the main sources of obtaining primary data by the researcher.

### **3.6.2 Secondary Data Sources**

As Leedy and Ormrod (2013) contend that secondary data is second hand data which allows a person to use information that has already been produced by other people, the researcher was enabled to use secondary data sources that included; text books, website journals, international published journals, articles and new paper reports.

## **3.7 Data Management and Processing**

### **3.7.1 Data Management and Collection Procedure**

Copies of the research questionnaire were physically delivered to Shoprite two supermarkets by the researcher together with a cover letter explaining the purpose of the research. The questionnaire was designed according to the objectives sought by the study and served through the managers to the study population totaling to 65 respondents. 32 copies of the research questionnaire were delivered at one branch while 33 copies were delivered at another branch.

To obtain quantified data easily, one set of questionnaire was used for all respondents whereby they were requested to fill the questions as arranged by the researcher. The questionnaire was addressed to administrators, accountants, and auditors, cashiers, and staff employees from customer care, marketing, procurement and logistics.

To achieve data quality management, the questionnaire was first analysed by the researcher's supervisor and then tested on 10 respondents. This was done to ensure that the research instrument remains consistent over time.

### **3.7.2 Data Processing**

Data obtained from the number of questionnaires that were received from the respondents, was double checked to make sure that the information provided was complete. The questionnaires

found answered and duly filled, were given record numbers and entered into a computer using MS Excel 2007 package to allow organising the data regarding responses extracted from the different categories of respondents. Data processing involved sorting, organizing and tabulating data obtained from responses given by different categories of respondents using descriptive statistics.

### **3.8 Data Analysis**

Leedy and Omrod (2013) refers to data analysis as the process of evaluating data using analytical and logical reasoning to examine each component of data provided. The researcher analysed data based on the sample size of 50 out of 65 respondents who duly completed the research questionnaires distributed. To facilitate reporting and inferring meaningful conclusions, data was analyzed using frequency tables, figures, graphs, Microsoft excel and Statistical Package for Social Scientists (SPSS 16). These allowed the researcher to present well the findings and to draw valid conclusions.

### **3.9 Validity and Reliability**

Validity is referred to as the degree to which a research study measures what it intends to measure, while reliability is referred to as the degree to which an assessment tool produces stable and consistent results (Carrie, 2007). To ensure reliability, the research questionnaire was tested before it was served to the would be respondents by the researcher's supervisor to actually measure what it set out to measure and reflect the reality it claimed to represent. The views of the researcher's supervisor on the relevance of the items formed the basis for the designed research questionnaire. The supervisor made suggestions towards improvement of the designed research questionnaire which the researcher took note of to ensure that when served, it produced stable and consistent results.

### **3.9 Ethical Considerations**

The researcher got an introductory letter from the University which helped him to declare the objectives of the study to the participants involved. Ethics pertaining to honesty and confidentiality were also upheld because data collected was used only for research purposes as agreed with the respondents.

### **3.10 Limitations of the Study**

As a matter of fact, the effect of internal auditing on performance of business enterprises is an issue regarded to be treated with a lot of confidentiality in some places of work. In this regard, some of the respondents somehow feared to divulge the required information which was perceived as confidential. Some of the respondents somehow feared that the study was to be used to reflect weaknesses in their departments and in their organisations' overall performance. After the researcher produced the University letter giving the intention of the research study, respondents felt free to attend to the research questionnaires.

Another limitation to the study was that the researcher was not given attention on the first day because some of the respondents were found to be busy attending to their daily work schedules and required more time to respond to the questionnaire. The researcher worked hand in hand with the managers from the two branches who helped him to distribute the questionnaires when the respondents had time.

Since field research was self sponsored, the researcher's pace to progress effectively was constrained in the process of struggling to look for money to get through field research. For example there were unavoidable but minimized expenses and costs met like stationery, telephone, computer and transport especially when the researcher had to physically move to and fro to the business enterprises in Kampala to direct and receive the questionnaires.

## **CHAPTER FOUR**

### **PRESENTATION, ANALYSIS, INTERPRETATION AND DISCUSSION OF FINDINGS**

#### **4.0 Introduction**

This chapter presents, analyses, interprets and discusses the findings of the study. Data presented, analyzed, interpreted and discussed is in accordance with demographic characteristics of respondents and the research objectives of the study that were formulated in chapter one of this research. Data is presented in the form of tables, figures and graphs basing on the responses got from the study respondents selected during the process of data collection. Accordingly, the discussion of findings has been arranged in accordance with demographic characteristics of respondents followed by the objectives of the study.

#### **4.1 Demographic Characteristics of Respondents**

The demographic characteristics of respondents were considered by the study so as to establish how different characteristics of the people could differently understand, the effect of internal auditing on performance of business enterprises in Uganda. The respondents' demographic characteristics include; gender, age, level of education, duration spent on the job and position held. The following data was revealed by the study as follows;

##### **4.1.1 Gender Composition of the Respondents**

The study established the gender of respondents and targeted both male and female. The gender was established with an aim knowing how males and females as employees working with business enterprises actively participate in matters affecting performance of the business enterprise. The distribution of the respondents by gender as per findings from the study is shown in table 4.1 and figure below.



**Table 4.1: Gender of Respondents**

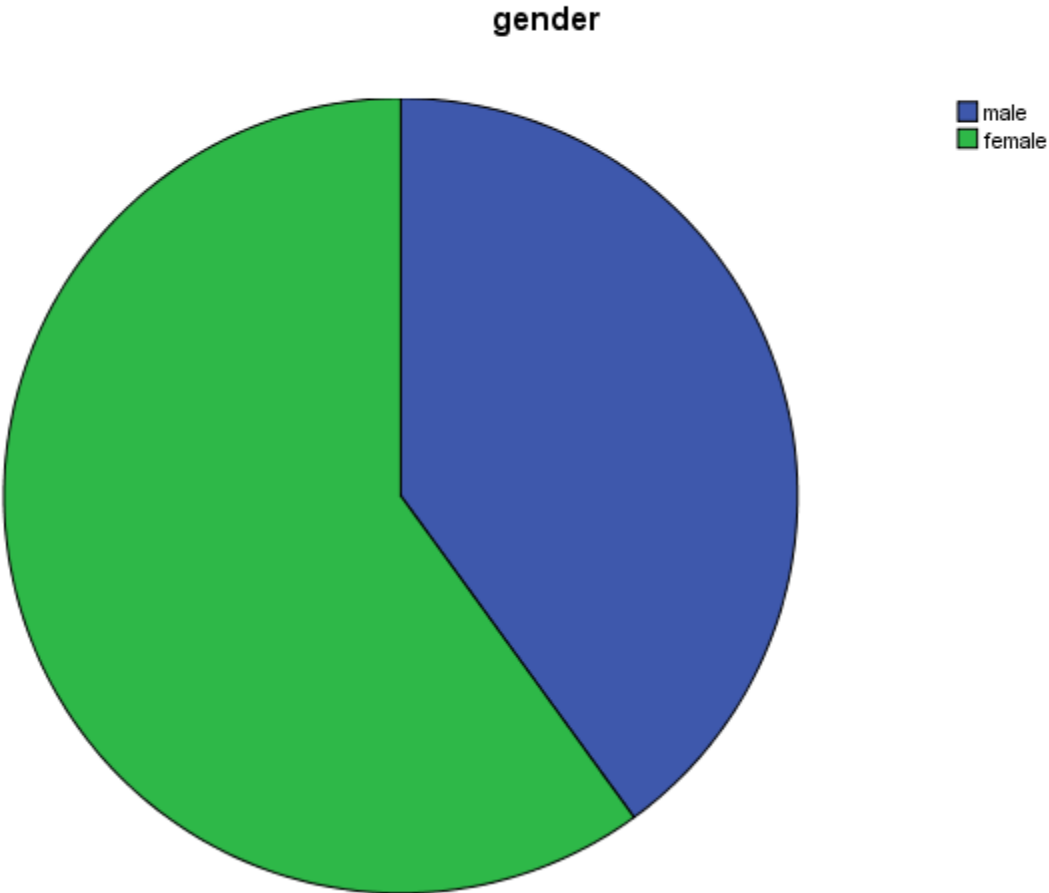
**Gender**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid male	20	40.0	40.0	40.0
female	30	60.0	60.0	100.0
Total	50	100.0	100.0	

*Source: Field data (2016)*

According to the study findings results as shown in table 4.1 above, in regard of the gender of the respondents, majority of the respondents were female and were 30 in number (60%). The male respondents were 20 in number (40%). The less involvement of male in the business enterprise like Shoprite Supermarket could be the reason that the nature of the business involves a lot of customer care and careful daily cash handling. This could have forced more numbers of women to be employed by management. In regard of the findings, both male and female respondents that were targeted by the study raised a variety of answers that were fairly represented and not biased making it gender sensitive. This can further be illustrated in the figure below.

**Figure 2: Pie chart showing Gender Composition of Respondents**



*Source: Field data (2016)*

**4.1.2 Age Composition of Respondents**

In the process of understanding the effect of internal auditing on performance of business enterprises in Uganda, the age composition of the study respondents was also an important factor considered. This was so because different age groups were assumed to understand the study variables differently yet considered vital to the study. According to the study findings, results are shown in table 4.2 and figure 3 below.

**Table 4.2: Age Composition of the Respondents**

**Age**

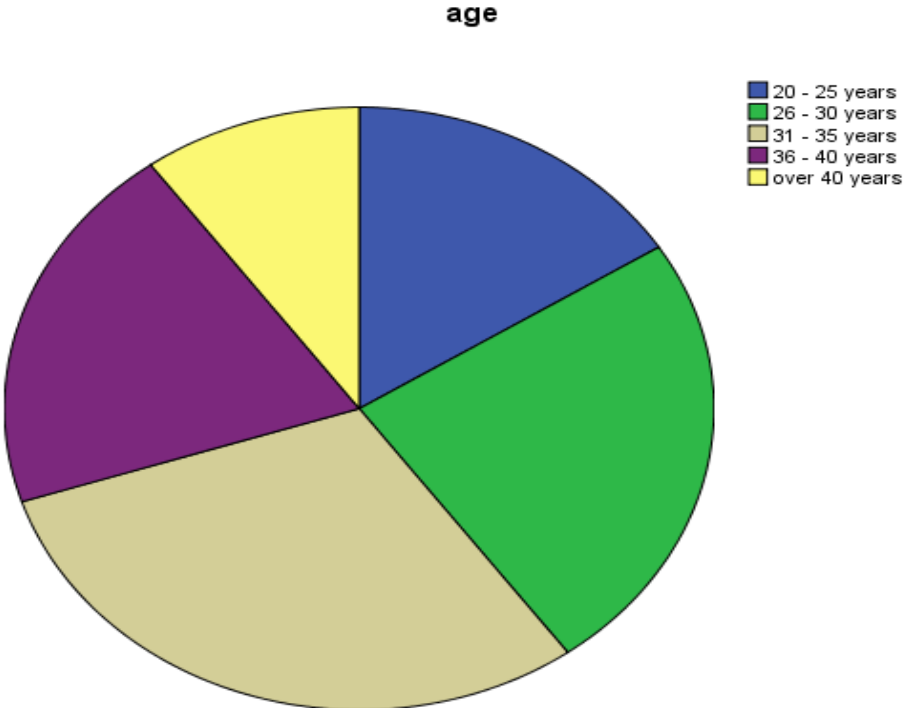
	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 20 - 25 years	8	16.0	16.0	16.0
26 - 30 years	12	24.0	24.0	40.0
31 - 35 years	15	30.0	30.0	70.0
36 - 40 years	10	20.0	20.0	90.0
over 40 years	5	10.0	10.0	100.0
Total	50	100.0	100.0	

*Source: Field data (2016)*

Table 4.2 above shows that the largest numbers of respondents (30%) were in the age range of 31-35 years. These were followed by respondents in the range of 26-30 years who accounted for 24% who were closely followed by respondents in the range of 36-40 years who accounted for 20%, those who were in the range of 20-25 years were 16% and the smallest number of respondents were those who were in the range of over 40 years who accounted for 10%. This age trend is an indication that the majority of the respondents working in with business enterprise are youthful and are of commendable age and were in position to generate valid information in relation to the issues of internal auditing and performance of business enterprises in Uganda especially Shoprite Supermarket in Kampala District. The other category of the respondents who were in the age range of over 40 years and accounted for (10%) had stayed for a long time

dealing in business enterprises' issues. These respondents' views were very important for the study as most of them were participating in the managing of the employees of the business enterprise selected in the study area. The pie chart below further illustrates the above information.

**Figure 3: Pie Chart Showing the Age Composition of the Respondents**



*Source: Field data (2016)*

**4.1.3 Length of Service of the Respondents**

The length of service of the respondents was also an important factor in the process of establishing how people who had different working experience understand the effect of internal auditing on performance of business enterprises in Uganda. The established levels of the length of service of the respondents are indicated in table 4.3 and figure 4 below;

**Table 4.3: Showing length of service the respondents**

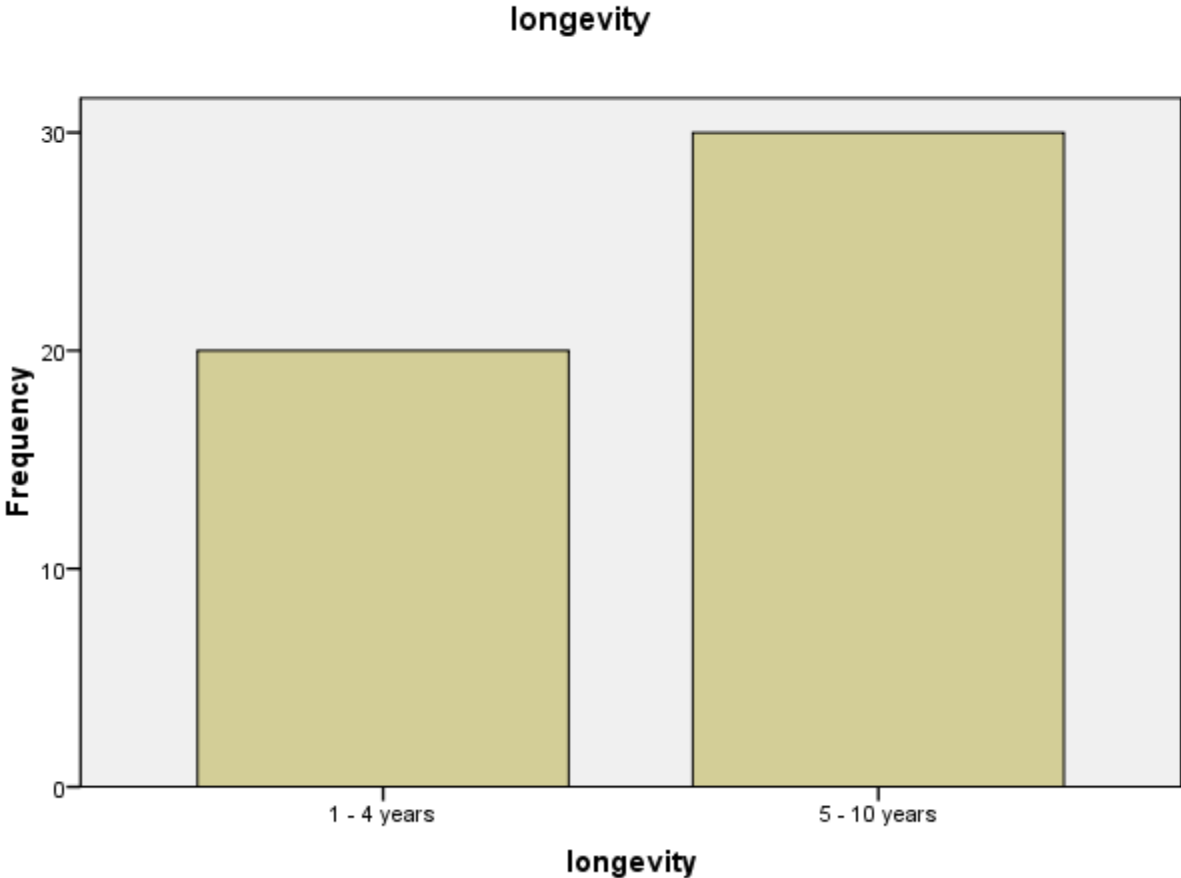
**Longevity**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 - 4 years	20	40.0	40.0	40.0
5 - 10 years	30	60.0	60.0	100.0
Total	50	100.0	100.0	

*Source: Field data (2016)*

As illustrated by table 4.3 findings show that except for (40%) of the respondents who had experience of less than 5 years, most (60%) of the respondents had experience of over 5 years while working with business enterprises. From the length of service perspective despite the disparity in length of service shown, all the respondents had working experience which was commendable in understanding the effect of internal auditing performance of business enterprises. They were all able to provide the information that was required by the study, which helped the researcher deduce valid conclusions. This is further illustrated in the bar graph below.

**Figure 4:** Showing the Length of Service of the Respondents



*Source: Field data (2016)*

**4.1.4 Level of Education of the respondents**

The level of education was another important factor in the process of establishing how people who had different levels of education understand the effect of internal auditing on performance of business enterprises in Uganda. Respondents with different education levels including Diploma, Bachelor’s degrees, Post Graduate and Masters Degree were approached during the study. The established levels of education of the respondents are shown in table 4.4 and figure 5 below.

**Table 4.4: Showing the level of education of the respondents**

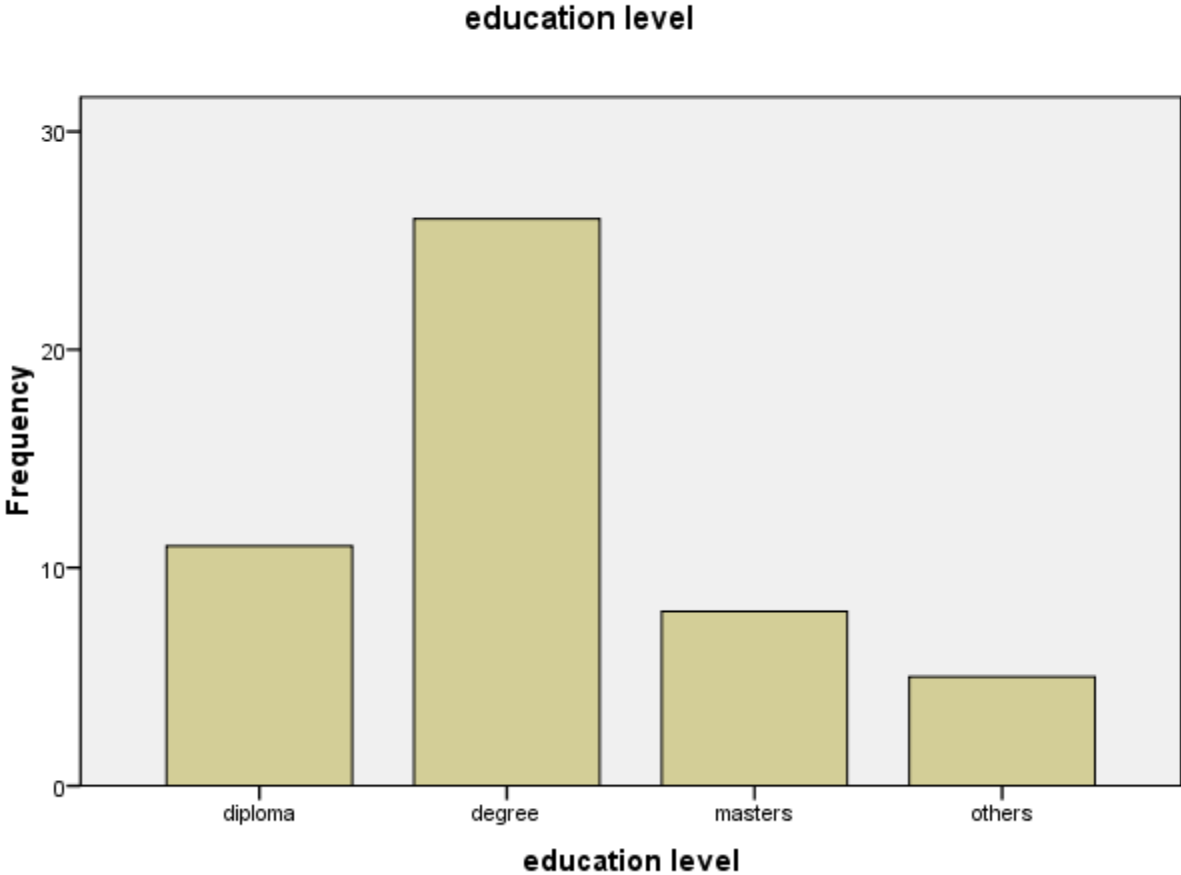
**Education Level**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid diploma	11	22.0	22.0	22.0
degree	26	52.0	52.0	74.0
masters	8	16.0	16.0	90.0
others	5	10.0	10.0	100.0
Total	50	100.0	100.0	

*Source: Field data (2016)*

Table 4.4 above shows that the largest numbers of respondents (52%) were of the level of Bachelor's degree. These were followed by 22% of the respondents who were of Diploma level, followed by 16% who were of Masters Degree level closely followed by 10% of the respondents who had CPA Certificate. This education trend suggests that the study was composed of participants who were knowledgeable about the concepts and subject that were studied, since all participants were educated whereby 22% of the respondents had Diplomas, 52% had Bachelor's degrees, 16% had Masters Degrees and 10% had CPA Certificates. The responses were reliable enough to deduce valid conclusions because all participants were assumed to understand the research questionnaire. The bar graph below further illustrates the educational levels of respondents.

**Figure 5: Educational level of the respondents**



**Source: Field data (2016)**

**4.1.5 Position held by the respondents**

In the process of understanding the effect of internal auditing on performance of business enterprises in Uganda, the position held by the respondents in Shoprite Supermarket business enterprise was also considered by the researcher. Findings were shown in the table 4.5 below.



**Table 4.5: Position Held by the Respondents**

<b>Position held</b>	<b>Frequency</b>	<b>Percentage</b>
Administration	4	8%
Accounting and Finance	16	32%
Internal Audit	4	8%
Customer Care	8	16%
Procurement and Logistics	10	20%
Marketing	8	16%
Total	50	100

*Source: Field data (2016)*

From table 4.5 above findings show, 8% of the respondents were from administration, 32% of the respondents from accounting and finance, customer care staff accounted for 16% of the respondents, Internal Audit accounted for 8% of the respondents, procurement and Logistics Staff 20 % and Marketing staff accounted for 16 % of the respondents. This trend indicated that the study captured different respondents in all fields, though the majority of the information was obtained from accounting and finance staffs(32%), followed by procurement 20%, marketing

16% and Customer care 16% who were directly involved in performance of business enterprises. The other category of the respondents who were from administration and internal audit who accounted for 16% (8% +8%) generated views which were very important for the study as most of them were participating in managing the internal audit activities of the business enterprise selected in the study area.

**4.2 Descriptive statistics of the variables**

Descriptive statistics showing means and standard deviation on the study variables have also been generated from the responses obtained on the different dimensions of both internal auditing and performance of business enterprises. The study adopted a 5 point scale from strongly disagree to strongly agree so as to rate the responses on the different dimensions as shown below. Descriptive statistics for internal audit reports, internal audit reviews and recommendations, independence of the internal audit function and performance of business enterprises are presented below.

<b>1.0 – 1.9</b>	<b>2.0 -2.9</b>	<b>3.0 -3.9</b>	<b>4.0 - 4.4</b>	<b>4.5 – 5.0</b>
Strongly disagree	Disagree	Neutral	Agree	Strongly agree

**4.2.1 Descriptive statistics on internal audit reports**

Respondents were required to express their views on the effect of internal audit reports using a 5 point scale from strongly agree to strongly disagree. Below are the means and standard deviations from the responses.

**Table 4.6: Showing descriptive statistics on internal audit reports**

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
In our business enterprise , internal audit reports always reflect that all the operational areas and levels are assessed and evaluated	50	1.00	5.00	2.8800	1.54708
Internal Audit reports in respect to reviews on performance of our activities are provided to all departments every after one month	50	1.00	5.00	2.6200	1.62744
Internal audit reports always reflect that t any noncompliance activities are identified and evaluated	50	1.00	5.00	2.5200	1.91918
In our business enterprise, internal audit reports communicate that products sold are compliant with established government, laws and regulations	50	2.00	4.00	2.7800	.95383
Valid N (list wise)	50				

*Source: Primary data (2016)*

From table 4.6 above, majority of the respondents disagreed that internal audit reports always reflect that all the operational areas and levels are assessed and evaluated. These were represented by a mean figure of 2.8800 and a standard deviation of 1.54708. This means that the responses were widely deviating from the mean figure. The disagreement could have resulted from the fact that respondents had not come into contact with internal audit reports since they

were in other departments apart from the internal audit department. They may also have not been conversant with the internal audit reports.

Majority of the respondents were in disagreement that internal audit reports are provided to all departments on a monthly basis. These are accounted for by a mean value of 2.6200 and a standard deviation of 1.62744 showing that other respondents were highly deviant from disagreement. This disagreement could have resulted probably because internal audit reports are only reviewed by the internal audit department.

Most respondents disagreed that internal audit reports always reflected non-compliance activities in their departments with a mean figure of 2.5200 and a high standard deviation of 1.91918. This means that the responses were widely varied from each other. The disagreement could have resulted probably from the fact that the internal audit reports did not comply to external audit requirements.

Most respondents disagreed that internal audit reports effectively communicate whether all products comply with established government laws and regulations. The mean figure for the responses was 2.7800 and a lower standard deviation of 0.95383. This means that responses were close in deviation. The disagreement could have resulted probably from the fact that the internal audit reports did not comply with external audit requirements.

#### **4.2.2 Descriptive statistics on internal audit reviews and recommendations**

Respondents were required to express their views on the effect of internal audit reviews and recommendations using a 5 point scale from strongly agree to strongly disagree. Below are the means and standard deviations. The results are presented in table 4.7 below.

**Table 4.7: Showing descriptive statistics on internal audit reviews and recommendations**

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
In our business enterprise, all operational areas and levels are included in the internal audit review.	50	2.00	4.00	2.7200	.94847
Internal audit reviews conducted on non compliance activities are profitable for my department.	50	1.00	5.00	2.7200	1.57843
Internal audit reviews conducted to assess our activities and recommendations provided correct the anomalies identified in my department.	50	1.00	5.00	2.6400	1.53543
In my department whenever the internal audit reviews are conducted, recommendations made by internal auditors are implemented by the agreed date.	50	2.00	4.00	2.7600	.95959
In our business enterprise, management uses the internal audit review criticisms and recommendations provided for decision making.	50	2.00	4.00	2.9200	.98644
Valid N (list wise)	50				

*Source: Primary data (2016)*

From the table above the majority of the respondents disagreed that all operational areas were included in internal audit reviews. This had an average value of 2.7200 and a slightly lower standard deviation of 0.94847 implying that responses were widely deviated. This could have been due to the fact that internal audit reviews is usually done by top level management and not all levels are supposed to conduct internal audit reviews.

Majority of the respondents disagreed that internal audit reviews conducted on non-compliance activities are profitable for their departments. These had a mean figure of 2.7200 and a high standard deviation of 1.57843 showing that responses were widely varied from each other. This could have been probably because internal audit reviews on non-compliance outside the organisational activities are not carried out within the business enterprise and hence profitability cannot be assessed.

Most of the respondents disagreed that internal audit reviews conducted on activities provided to correct all the anomalies in their departments. These had a mean value of 2.6400 and a high standard deviation of 1.53543. This means that other respondents had other views from the disagreement. This could have been probably due to the fact that internal audit reviews do not encompass all activities of the business enterprise and therefore cannot provide solutions and recommendations for all anomalies in their departments.

Most respondents were in disagreement that internal audit reviews made by internal auditors are always are always implemented by the agreed date. These had a mean value of 2.7600 and a lower standard deviation of 0.95959 implying that responses were not widely deviating from each other. Probably this could have been as a result that the time scope of the internal audit reviews is usually longer and requires careful review which usually may not be achieved by the agreed date.

Majority of the respondents disagreed that management always used internal audit review criticisms and recommendations for decision making. The mean figure for the responses was 2.9200 and a lower standard deviation of 0.98644. This means that responses were close to each other in terms of deviation. This could probably be because management in this retail line of business, not all criticisms from customers are truly appropriate to consider when making top management decisions.

Furthermore, respondents were also able to indicate that for better performance at Shoprite Supermarket, management should ensure that all departments implement recommendations made by internal auditors by the agreed date whenever the internal audit reviews and should always use the internal audit review criticisms and recommendations provided by internal auditors for decision making. These results significantly show that internal audit reviews and recommendations are key and important factors in improving the performance of business enterprises like Shoprite Supermarket in Kampala District, Uganda.

#### **4.2.3 Descriptive statistics on independence of the Internal Audit Function**

Respondents were required to express their views on the effect of independence of the internal audit function using a 5 point scale from strongly agree to strongly disagree. Below are the means and standard deviations. The results are presented in table 4.8 below.

**Table 4.8:** Showing descriptive statistics on the independence of the internal audit function

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
In our business enterprise, the internal auditors are allowed by management to undertake an independent evaluation of operating systems and procedures.	50	2.00	4.00	2.8400	.95533
Internal auditors receive full cooperation and are free to have access to all records and information from my department.	50	1.00	5.00	2.7000	1.54193
Internal auditors feel free to include any audit findings in the audit review reports and report directly to the responsible body.	50	1.00	5.00	2.5800	1.52650
Internal auditors are provided authority for examination of the aspects of establishment of any activity and propose modifications and enhancements needed.	50	2.00	4.00	2.7600	.95959
Valid N (list wise)	50				

*Source: Primary data (2016)*



From the table above, most of the respondents disagreed that internal auditors are allowed by management to undertake an independent evaluation of operation systems and procedures. These had a mean figure of 2.8400 and a standard deviation of 0.95533 implying that most of the responses were widely varied from each other. This could probably be because the management to some extent interferes with the internal auditors' evaluation and usually requires an external auditor's independent evaluation.

Most of the respondents disagreed that internal auditors receive full cooperation and are free to access all records and information from any department. The responses gave a mean value of 2.7000 and a standard deviation of 1.54193 implying that they were widely deviated from each other. This could probably be because management usually relies more on the services of the external auditors rather than the internal audit department.

Disagreement was highly expressed by respondents on whether internal auditors feel free to include any audit findings in the audit review reports by reporting directly to the responsible body. The responses gave a mean value of 2.5800 and a standard deviation of 1.52650 showing wide deviations. This could have resulted from respondents' fear of revealing confidential information of the organization. They could probably have feared to be implicated for giving out company despite the assurance of confidentiality.

Majority of the respondents disagreed that internal auditors are authorized to examine aspects of establishing any activity and propose modifications. The responses had an average value of 2.7600 and a standard deviation of 0.95959 showing close variation in responses. Probably this could have been due to the level of procedure taken to establish any activity and make the necessary modification that leads to the handling of such by only top management.

In respect to the above findings from the study, respondents were able to indicate that for improved performance at Shoprite Supermarket, management should allow internal auditors to

undertake an independent evaluation of operating systems and procedures and in addition allow the internal auditors to receive full cooperation and be free to have access to all records and information from any department.

This was also substantiated when the majority of respondents indicated that management should ensure that internal auditors do feel free to include any audit findings in the audit review reports and report directly to the responsible body. In addition, the majority of the respondents on the other hand, respondents were also able to indicate that for improved overall organizational performance at Shoprite Supermarket one among the business enterprises in Uganda, management should ensure that internal auditors are provided authority for examination of the aspects of establishment of any activity and propose modifications and enhancements needed.

These results above show that independence of the internal audit function significantly influences overall organizational performance especially when internal audit reports are independent enough to measure up to the objectivity of communicating noncompliance issues and there after guide management and employees how best business enterprises like Shoprite Supermarket should perform.

#### **4.2.4 Descriptive statistics on performance of business enterprises**

Respondents were required to express their views on the effect of internal audit reports using a 5 point scale from strongly agree to strongly disagree. Below are the means and standard deviations. The results are presented in table 4.9 below.

**Table 4.9: Showing descriptive statistics on performance of business enterprises**

**Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation
In our business enterprise, the amount of cash generated from products marketed makes the enterprise financially healthy.	50	2.00	4.00	2.8000	.96890
In our business enterprise, the business ventures generate more revenue compared to the amount of expenses incurred.	50	1.00	5.00	2.6400	1.56179
In our business enterprise, resources used are increasing the profitability of the enterprise.	50	2.00	4.00	2.8800	.98229
In our business enterprise, the current assets available when converted into cash can meet our short term obligations.	50	1.00	5.00	2.5800	1.57907
In our business enterprise, the investment portfolio can be converted to cash with no loss in value.	50	1.00	5.00	2.5800	1.57907
In our business enterprise, labour hours worked by employees increase our business enterprise's productivity.	50	1.00	5.00	2.5800	1.52650
In our business enterprise, inputs such as labour, money and materials are utilized efficiently.	50	1.00	5.00	2.3600	1.87094
Valid N (list wise)	50				

*Source: Primary data (2016)*

The results presented in table 4.9 above show that majority of the respondents were in disagreement that the amount of cash generated from marketed products make the enterprise

financially healthy. These had a mean value of 2.8000 and a standard deviation of 0.96890 showing that the responses were not widely deviated. This could probably be because cash may not be a measure of financial healthiness and the enterprise would rather prefer long term firm growth as a measure of financial strength.

Most of the respondents were also in disagreement that business ventures generate more revenue compared to incurred expenses. These had an average value of 2.6400 and a standard deviation of 1.56179 showing that there was a high deviation in responses. This could be because the harsh business environment in Uganda of recent highly impacts on the enterprises' expenses for example the high taxes paid by Multinational firms like Shoprite supermarket to the government of Uganda.

Majority of the respondents disagreed that resources available are increasing the profitability of the enterprise. The responses gave them a mean value of 2.8800 and a standard deviation of 0.98229 indicating a lower deviation in responses. This could be because the available resources especially human and financial resources are inadequate and cannot effectively increase profitability of the enterprise.

Majority of the respondents were in disagreement on whether available current assets when converted into cash meet short term obligations. Responses gave an average value of 2.5800 and a standard deviation of 1.57907 showing wide deviations in responses. This could be because current assets owned by large enterprises by Shoprite are not highly liquid and therefore cannot be easily converted into cash to meet short term obligations such as payment of creditors.

Most of the respondents disagreed that the investment portfolio can be converted to cash with no loss in value. The responses had a mean value of 2.5800 and a standard deviation of 1.57907 indicating that there were wide deviations in responses. Of recent there has been a consistent

depreciation in value of the Ugandan currency as compared to other currencies which has hugely impacted on firm or business enterprises' investment portfolio in Uganda.

Majority expressed disagreement that the labor hours worked by employees do increase enterprise productivity. They had a mean figure of 2.5800 and a standard deviation of 1.52650 indicating a high variance in responses. It is not logical that more labour hours necessarily increase productivity as this is associated with employee stress which leads to decreased productivity. Similarly less labour hours mean that employee performance is inefficient which also impacts on business enterprise productivity.

Majority of the respondents disagreed that inputs such as labour and money are indeed utilized efficiently within the enterprise. These had a mean value of 2.3600 and a standard deviation of 1.87094 indicating high deviations from disagreement. This could have been as a result of fear of implication from management on utilization of resources efficiently in all enterprise activities. It could also be attributed to the harsh business environment that does not support efficient utilization of resources.

However, the above study results are also an indication that there are still challenges faced at Shoprite Supermarkets in Kampala District as a business enterprise in the process of managing the investment portfolio of assets that can be converted to cash with no loss in value in order to increase the profitability of the enterprise and improve the performance of the enterprise.

The above results suggest that there is improper use of inputs that tend to increase productivity like labour, money and materials. This is evidenced by the study respondents of which the majority were able to indicate that the performance of business enterprises like Shoprite Supermarket in Kampala District can improve when inputs such as labour, money and materials are utilised efficiently.

The above results suggest that dimensions like profitability, liquidity and productivity significantly influence performance of business enterprises like Shoprite Supermarket in Kampala District, Uganda.

**4.3 Correlation analysis of variables**

The study aimed to establish different relationships between the dimensions of the different variables under both internal auditing and performance of business enterprises. Correlations between internal audit reports, internal audit reviews and recommendations and independence of the internal audit function have been presented below.

**4.3.1 Correlation between internal audit reports and performance**

**Correlations**

		Internal Audit		
		Reports	Performance	
Internal Audit Reports	Pearson	1	-.038	
	Correlation			
	Sig. (2-tailed)			.794
	N			50
Performance	Pearson	-.038	1	
	Correlation			
	Sig. (2-tailed)			.794
	N			50

*Source: Primary data (2016)*

There was a significant negative relationship between internal audit reports and performance of business enterprises ( $r = -0.038$ ). This means that according to the study findings, regardless of the making of internal audit reports, performance of the business enterprise decreased. This emphasizes what Millichamp and Taylor (2008) point out that when internal audit reports are not used properly, management and staff employees will not be able to view the criticisms provided on reviews conducted and recommendations provided thereafter, to make improvements on the identified gaps related to activities performed at different operational levels within the business enterprises.

**4.3.2 Correlation between Internal Audit Reviews and Recommendations and Performance**

**Correlations**

		Internal Audit Reviews and Recommendations	Performance
Internal Audit Reviews And Recommendations	Pearson Correlation	1	.273
	Sig. (2-tailed)		.055
	N	50	50
Performance	Pearson Correlation	.273	1
	Sig. (2-tailed)	.055	
	N	50	50

*Source: Primary data (2016)*

From the research findings, there was a significant positive relationship between internal audit reviews and recommendations and performance of business enterprises ( $r = 0.273$ ). According to the study findings, as more internal audit reviews and recommendations are done, performance of the business enterprise increases.

This relates well with what Picket (2005) says that management should a lot of attention to internal audit reviews and recommendations because are very important when it comes to checking on the anomalies found in activities performed by all employees working with all operational areas in the business enterprise.

**4.3.3 Correlation between independence of the internal audit function and performance**

**Correlations**

		Independence Of The Internal Audit Function	Performance
Independence of The Internal Audit Function	Pearson Correlation	1	-.161
	Sig. (2-tailed)		.265
	N	50	50
Performance	Pearson Correlation	-.161	1
	Sig. (2-tailed)	.265	
	N	50	50

*Source: Primary data (2016)*

From the research findings, there was a significant negative relationship between independence of the internal audit function and performance of business enterprises ( $r = -0.161$ ). This means that the more less the internal audit function is independent, the performance of the business



enterprise decreases. This is evidenced by the majority of the respondents who indicated a high level of disagreement on the level of freedom with which internal auditors include all audit findings in the internal audit reports. The findings confirm Prawitt et al. (2009) concluding remarks that organizations should without any restrictions allow the independence of the internal audit function to appraise all operational areas within an enterprise with a view to suggesting improvements which enhance performance.

#### **4.4 Conclusion**

In this chapter, data analysis and results were presented. Findings from the study were found to be quite consistent with findings of other studies on internal auditing and performance of business enterprises and this gives a positive response from the respondents that it is important to improve on the internal auditing activities and procedures so as to improve performance of business enterprises.

## **CHAPTER FIVE**

### **SUMMARY, CONCLUSIONS AND RECOMMENDATIONS**

#### **5.0 Introduction**

This chapter contains a summary of the study findings, conclusions, recommendations and suggestions for further studies. The summary of the study findings, conclusions and recommendations were in accordance to study objectives done as follows.

#### **5.1 Summary of findings**

##### **5.1.1 Effect of internal auditing on performance of business enterprises in Uganda**

In respect to the broad objective sought by this study that was set to establish the effect of internal auditing on performance of business enterprises in Kampala District Uganda, the study findings indicated that there is a significant effect of internal auditing on performance of business enterprises like Shoprite supermarket in Kampala District Uganda. In view of the responses from staff employees of Shoprite supermarket in Kampala District Uganda, a number of gaps in the internal auditing system used that could have negatively affected performance of Shoprite supermarket were exposed. Following is the discussion of research findings in view of staff employees' responses and in respect to the specific objectives sought by the study.

##### **5.1.2 Effect of Internal Audit Reports on Performance of Business Enterprises**

In respect to the specific objective sought by the study that was to establish whether internal audit reports had an effect on the performance of business enterprises in Uganda, research findings indicated that there was a negative correlation between internal audit reports and performance of business enterprises ( $r = -0.038$ ). This means that according to the study findings, regardless of the making of internal audit reports, performance of the business

enterprise decreased. The study findings evidenced this when it was revealed that poor performance at Shoprite Supermarket could have resulted from not using internal audit reports properly. Findings indicated that the majority (66%) of the respondents disagreed that all departments are provided with internal audit reports in respect to reviews on performance of their activities every after one month. Furthermore, most (64%) of respondents also disagreed that internal audit reports effectively communicate noncompliance activities in the departments within the business enterprise.

According to more study findings, save for 40 % of the respondents who agreed that internal audit reports communicate that products sold are not compliant with established government laws and regulations most 58% of the respondents disagreed with this statement,

From the above, it suggests that internal audit reports have a positive effect on performance of business enterprises in Uganda like Shoprite Supermarket when properly used because they are tools of communication in many departments of business enterprises.

This confirms what Arena and Azzone (2009) say that when internal audit reports are properly used, they reflect the anomalies in all operational areas assessed and communicate any noncompliance activities within a business enterprise of which problems are addressed on time as opposed to reacting to them only after a loss has taken place.

Garen (2005) and Millichamp and Taylor (2008) also point out that when internal audit reports are properly used, they enable management and staff employees to view criticisms provided on reviews conducted and recommendations provided which when implemented thereafter improve performance at all operational levels within the business enterprise.

### **5.1.3 Effect of Internal Audit Reviews and Recommendations on Performance of Business Enterprises**

In respect to the specific objective sought by the study that was to establish whether internal audit reviews and recommendations were key to effective performance of business enterprises, the findings indicated that there was a positive relationship ( $r = 0.273$ ) between internal audit reviews and recommendations and performance of business enterprises. This is evidenced by study findings which revealed that poor performance at Shoprite Supermarket could have resulted from not using internal audit reviews and recommendations.

This is so as most (60%) of the respondents disagreed that all operational areas and levels are included in the internal audit reviews which should be conducted periodically to identify and address anomalies of which reviews conducted on non-compliance activities should be profitable for the departments.

Most of the respondents went ahead and argued that for better performance at Shoprite Supermarket, management should ensure that all departments implement recommendations made by internal auditors by the agreed date whenever the internal audit reviews are conducted and should always use the internal audit review criticisms and recommendations provided by internal auditors for decision making.

This explains the positive correlation between internal audit reviews and recommendations and performance of business enterprises like Shoprite Supermarket in Kampala District, Uganda. .

Sayag (2010) also associated the positive correlation between internal audit reviews and recommendations and performance of business enterprises when he says that periodic internal audit reviews performed by the internal auditors and recommendations provided, make

employees think about how they should work on better to improve performance and make the business enterprise increase its productivity.

Paulson and Hughes (2007) are also of the view that in the process of evaluating and appraising employees for whatever is done within operational areas, internal audit reviews commit them to improve performance while recommendations provide a clear picture on how management and employees should pursue delivering what adds value to the enterprise to ensure its competitiveness.

#### **5.1.4 Effect of Independence of the Internal Audit Function on overall organizational Performance**

In respect to the specific objective sought by the study that was to establish whether the independence of the internal audit function influences performance of business enterprises. The results from the findings indicated that there was negative relationship between independence of the internal audit function and performance of business enterprises ( $r = -0.161$ ).

This is reflected by the majority (62%) of respondents who disagreed that internal auditors do feel free to include any audit findings in the audit review reports and report directly to the responsible body. Most of the respondents went ahead and disagreed that internal auditors are provided authority for examination of the aspects of establishment of any activity and propose modifications and enhancements needed. While results further indicated that most 54%) of the respondents disagreed that in their business enterprise, the internal auditors undertake an independent evaluation of operating systems and procedures.

This relates well with what Dittenhofer (2008) points out that the independence of the internal audit function should emphasise that internal auditors perform audits without any form of

impediments and interference from the entire management in order to increase the reliability of information provided and improve overall organizational performance .

This was further confirmed by Stewart and Subramaniam (2010) when they state it is the independence of the internal audit function which renders the internal audit reports to be objective and reliable in communicating non compliance issues and there after guide management and employees how well a business enterprise should use its resources from its primary mode of business to improve overall organizational performance.

Study findings also revealed that dimensions like profitability, liquidity and productivity have a positive influence on performance of business enterprises. The study respondents as reflected by most 56% of the respondents were able to indicate that for improved performance at Shoprite supermarket the business enterprise should ensure that the amount of cash generated from products marketed makes the enterprise financially healthy. However while a few (4%) respondents were neutral some (40) of these respondents indicated that the amount of cash generated from products marketed makes the enterprise financially healthy This was further refuted by the majority 64%) of by the study respondents who disagreed and were able to indicate that once the business ventures do not generate more revenue compared to the amount of expenses incurred, the performance of business enterprises like Shoprite Supermarket in Kampala District may not be improved easily.

Although some (40%) of the respondents revealed that to a certain extent the resources available are increasing the profitability of the enterprise, it was discovered that in the process of managing the investment portfolio of assets that could be converted to cash with no loss in value, there are still challenges faced at Shoprite Supermarkets in Kampala District to increase the profitability of the enterprise and improve the performance of the enterprise.

This was evidenced by the majority (60 %) of the respondents who disagreed that as a business enterprise, Shoprite Supermarket investment portfolio of assets can be converted to cash with no loss in value.

Study findings further revealed that there is improper use of inputs that would have increased productivity like labour, money and materials as evidenced by the majority (62) % of the respondents when they disagreed that in business enterprises like Shoprite Supermarket, labour hours worked by employees increases their business enterprise's productivity. While the majority (64%) of respondents strongly disagreed that in enterprises like Shoprite Supermarket, inputs such as labour hours, money and materials are utilized efficiently.

This suggests that the performance of business enterprises like Shoprite Supermarket in Kampala District will improve when assets can be converted to cash with no loss in value in order to increase the profitability of the enterprise and when there is improper use of inputs that tend to increase productivity like labour hours, money and materials.

The above findings confirm what Jhingan (2004) and The *Global Journal of Management and Business Research* (2014), state that a business enterprise's competitiveness is only recognized when its productivity measures how efficiently production inputs, such as labour hours and capital are being used to produce a given level of output, and how it is using standardized means of determining which areas of a financial strategy are performing well and which ones need improvement.

## **5.2 Conclusion**

Section 5.1 discussed findings in respect of data collected by the researcher during the study by use of primary and secondary sources and in line with the objectives sought. The researcher's

discussion was drawn together by interpreting the main findings and highlighting the main results, both positive and negative. The views obtained from data captured from respondents through the research questionnaire, as well literature review research have been recognised.

There was a significant negative relationship between internal audit reports and performance of business enterprises. It is concluded that since the effect of internal audit reports on performance of business enterprises in Uganda can either be positive or negative depending on the internal audit reports, management must ensure that they are properly used so that they can effectively communicate noncompliance activities in the departments within the business enterprise and can effectively communicate whether products sold are not compliant with established government laws and regulations.

There was a significant positive relationship between internal audit reviews and recommendations and performance of business enterprises. It is also concluded that management should ensure that when internal audit reviews are performed they should be used as very important means of improving performance because recommendations provided demand, communicate and demonstrate how best staff employees from all operational levels should have performed for the enterprise and thereafter achieve satisfactory levels of performance.

There was a significant negative relationship between independence of the internal audit function and performance of business enterprises. Considering key findings it is concluded that management of business enterprises should ensure that internal auditing is seen as an independent, objective assurance, monitoring and consulting activity which is should be used optimally to avoid or mitigate risks, add value and improve an organization's operations and lead to improved performance.



It is further concluded that since performance of business enterprises is also influenced by financial dimensions like profitability, liquidity and productivity, management should conduct performance audits to determine which areas of a financial strategy are performing well and which ones need improvement and how efficiently production inputs, such as labour hours and capital are being used to produce a given level of output.

### **5.3 Recommendations**

In light with the above study findings and conclusions, the following recommendations are made as under;

Since internal auditing is often seen as an independent, objective assurance monitoring and consulting activity which is normally used to add value, improve an organization's operations and lead to improved performance, management in business enterprises should use internal auditing in the decision to conduct and share reviews, work to reduce, avoid or mitigate risks and sustain its operations without incurring any losses.

If such are adopted, the internal auditing activity will examine and evaluate the benefits of resources utilised and also work as a continuous and critical appraisal of an enterprise's functioning with a view of suggesting improvements thereto that add value to strengthen the governance mechanism that enhances performance.

Top management in most business enterprises should put emphasis on proper use of internal audit reports to ensure that they communicate effectively noncompliance activities in the departments within the business enterprise and whether products sold are not compliant with established government laws and regulations.

Whenever internal audit reviews are conducted and have identified operational areas that have anomalies, recommendations provided for addressing the anomalies should be implemented by the agreed dates. This should be pursued by heads of departments or any responsible person assigned who should communicate as a reminder what was recommended to be implemented and report back to the board, management and Internal Auditors.

For the internal audits reports to be reliable and measure up with objectivity of information communicated, management must ensure that internal audit reviews are conducted in an independent manner. This will allow internal auditors to develop significant insights into operations and opportunities for improvement that can be extremely beneficial to their organization. Independence of the internal audit function will then allow internal auditors to get valuable information and also inquire whether the business enterprise has the correct performance indicators before all its operations are evaluated.

To support managers in improving overall organizational performance, the internal auditor must consider all performance objectives that make an organization effective and also ensure that all aspects of the business like liquidity, profitability and productivity that could have a significant impact on organizational performance are monitored.

In order to increase the illiquidity position, more efforts should be made to increase the asset base and venture into other viable strategic businesses.

#### **5.4 Suggestions for further research**

Since the study was set to find out the effect of internal auditing on performance of business enterprises in Uganda and in consideration of Shoprite Supermarkets in Kampala District, Further studies are suggested on the following area as under;

Further studies should focus on the effect of risk management on performance of business enterprises.

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## **Appendix i: Research Questionnaire**

### **RESEARCH QUESTIONNAIRE ON THE EVALUATION OF THE EFFECT OF INTERNAL AUDITING ON PERFORMANCE OF BUSINESS ENTERPRISES IN KAMPALA DISTRICT, UGANDA**

Dear respondent to be,

I am Douglas Anthony Mbogga pursuing a degree of Business Administration and Management at Uganda Martyrs University Nkozi.

I present this questionnaire intended to generate information to facilitate a study on the effect of internal auditing on performance of business enterprises in Kampala District Uganda. Data requested is purely for academic purposes to enable me as the concerned student fulfill my obligations in respect to a Dissertation which is to be submitted to Uganda Martyrs University Nkozi in partial fulfillment for the award of a degree of Business Administration and Management.

Your cooperation and participation to respond and complete the questionnaire are highly appreciated.

The questionnaire includes two (2) sections (A) and (B)

Section (A) is for personal data of the respondents. You are to please indicate using a tick (√) in the boxes provided to show what best suits you.

Section (B) includes questions for employees drawn from different departments inclusive of; Management, Accounting and Finance, Internal audit, Customer care, Procurement and Logistics and Marketing.



You are to please indicate using a tick (√) your level of agreement or disagreement with the following statements given in each of the table provided.

**SECTION A: PERSONAL DATA**

Please tick (√) in the boxes provided what best suits you.

1. Your gender; Male  Female

2. Your age in years: Please tick the box that shows your age bracket:

20 – 25	26 – 30	31 – 35	36– 40	Over 40 years

3. How long you have served on the job you are holding? Please indicate by ticking the number that classifies you best

Less than a year	1
Between 1 and 4 years	2
Between 5 and 10 years	3
Over 10 years	4

4. What is your highest educational level? Please indicate by ticking the number that classifies you best

Certificate Level	1
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Diploma Level	2
Bachelor's Degree	3
Master's degree	4

5. In the space provided below please indicate the department you are working with;

.....

**SECTION B**

**1. INTERNAL AUDITING REPORTS**

Please indicate using a tick (√) your level of agreement or disagreement with the following statements given in the table below,

The values of the scales are as follow; 5 = strongly agree 4 = Agree 3 = Neutral

2 = Disagree 1 = Strongly Disagree

S.No	STATEMENTS	VALUE OF SCALES				
		5	4	3	2	1
1.	In our business enterprise , internal audit reports always reflect that all the operational areas and levels are assessed and evaluated					
2.	Internal Audit reports in respect to reviews on performance of our activities are provided to all departments every after one month.					
3	Internal audit reports always reflect that t any noncompliance activities are identified and evaluated					
4.	In our business enterprise, internal audit reports communicate that products sold are compliant with established government, laws and regulations.					

## 2. INTERNAL AUDIT REVIEWS AND RECOMMENDATIONS

Please indicate using a tick (√) your level of agreement or disagreement with the following statements given in the table below, The values of the scales are as follow; 5 = Strongly Agree  
4 = Agree 3 = Neutral 2 = Disagree 1 = Strongly Disagree

S.No.	STATEMENTS	VALUE OF SCALES				
		5	4	3	2	1
1.	In our business enterprise, all operational areas and levels are included in the internal audit review					
2.	Internal audit reviews conducted on non compliance activities are profitable for my department					
3.	Internal audit reviews conducted to assess our activities and recommendations provided correct the anomalies identified in my department.					
4.	In my department whenever the internal audit reviews are conducted, recommendations made by internal auditors are implemented by the agreed date.					
5.	In our business enterprise, management uses the internal audit review criticisms and recommendations provided for decision making.					

### 3. INDEPENDENCE OF THE INTERNAL AUDIT FUNCTION

Please indicate using a tick (√) your level of agreement or disagreement with the following Statements given in the table below,

The values of the scales are as follow; 5 = Strongly Agree 4 = Agree 3 = Neutral

2 = Disagree and 1 = Strongly Disagree

S.No.	STATEMENTS	VALUE OF SCALES				
		5	4	3	2	1
1.	In our business enterprise, the internal auditors are allowed by management to undertake an independent evaluation of operating systems and procedures					
2.	Internal auditors receive full cooperation and are free to have access to all records and information from my department					
3.	Internal auditors feel free to include any audit findings in the audit review reports and report directly to the responsible body.					
4.	Internal auditors are provided authority for examination of the aspects of establishment of any activity and propose modifications and enhancements needed					

#### 4. PERFORMANCE OF BUSINESS ENTERPRISES

Please indicate using a tick (√) your level of agreement or disagreement with the following statements given in the table below,

The values of the scales are as follow; 5 = strongly agree, 4 = Agree, 3 = Neutral 2 = Disagree 1= Strongly Disagree,

S.No.	STATEMENTS	VALUE OF SCALES				
		5	4	3	2	1
1.	In our business enterprise, the amount of cash generated from products marketed makes the enterprise financially healthy					
2.	In our business enterprise, the business ventures generate more revenue compared to the amount of expenses incurred					
3	In our business enterprise, resources used are increasing the profitability of the enterprise					
4.	In our business enterprise, the current assets available when converted into cash can meet our short term obligations					
5.	In our business enterprise, the investment portfolio can be converted to cash with no loss in value					
6.	In our business enterprise, labour hours worked by employees increase our business enterprise's productivity					
7	In our business enterprise, inputs such as labour, money and materials are utilized efficiently					

**Appendix ii: Letter recommending the researcher for field study**

Uganda  
Martyrs  
University



making a difference

**Office of the Dean  
Faculty of Business Administration and Management**

Your ref.:  
Our ref.:

Nkozi, 28<sup>th</sup> July 2016

**To Whom it may Concern**

Dear Sir/Madam,

**Re: Assistance for Research:**

Greetings and best wishes from Uganda Martyrs University.

This is to introduce to you Douglas Anthony Mbugga who is a student of Uganda Martyrs University. As part of the requirements for the award of the Degree of Bachelor of Business Administration and Management of the University, the student is required to submit a field based study work which involves a field research on a selected case study such as a firm, governmental or non governmental organization, financial or other institutions.

The purpose of this letter is to request you permit and facilitate the student in this survey. Your support will be greatly appreciated.

Thank you in advance.

Yours Sincerely,

Mr. Edward Segawa  
Associate Dean

