

***AN INVESTIGATION OF THE INTERNAL CONTROLS FOR ZAMBIA
AIRPORTS CORPORATION LIMITED FINANCIAL PERFORMANCE***

BY

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A Dissertation submitted to the University of Zambia in partial fulfilment of the requirements for the award of the Degree of Master of Business Administration General

THE UNIVERSITY OF ZAMBIA

LUSAKA

2024

DECLARATION

I, **Hawthorn Munkasu**, do hereby declare that this is my original work and has not been previously submitted for a degree at this or any other University. All sources of data and literature on related works previously done by others used in the production of this research have been duly acknowledged. If any omission has occurred, it is an error not choice.

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APPROVAL

This Dissertation by **Hawthorn Munkasu** is approved as partial fulfilment of the requirements for the award of the Degree of Master of Business Administration General

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ABSTRACT

The study investigated internal controls for Zambia Airports Corporation Limited financial performance. This was necessitated by the observance of weaknesses in internal controls and financial performance of selected parastatal bodies in Auditors General's report for the year ended 31st December, 2020. Specific objectives were to assess the effectiveness of internal controls, assess the financial performance and establish the relationship between internal controls and financial performance. The study used mixed method research approach which utilized both quantitative and qualitative data from Lusaka based employees at Kenneth Kaunda International Airport and Zambia Airports Headquarters. Purpose sampling technique was used to achieve the study objectives. Targeted sample size was 105 out of the 2021, 1050 list of Zambia Airports Corporation Limited employees. Quantitative data was analyzed by means of descriptive statistics and inferential statistics. Qualitative data was analyzed using thematic data analysis by examining themes within data. Quantitative data was collected using questionnaires. The response rate was 93% implying that 98 questionnaires were received for analysis. Qualitative data from five managers was collected using interview guide. The overall outcome from most respondents on the first specific objective was that internal controls at Zambia Airports Corporation Limited were moderately effective. This implies that it satisfied the minimum requirements for internal controls effectiveness best practices. The outcome on the second specific objective was that most respondents were of the view that Zambia Airports Corporation Limited failed to achieve its profit and revenue targets for the past three years. This implies that financial performance was poor for the past three years. The outcome on the main (third specific) objective was that internal controls help achieve profit and revenues targets. This implies a positive relationship between internal controls and financial performance at Zambia airports. To improve Zambia Airports Corporation Limited financial performance, it was recommended that management considers strengthening its internal controls by responding timely to evaluated risks, ensure risk management committee worked closely with internal audit committee, provide regular feedback on financial performance to its employees, conduct awareness workshop on internal controls and its importance to its employees, and ensure internal audit unit was adequately staffed.

Key words: Internal controls, Zambia Airports Corporation Limited, Financial Performance

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DEDICATION

I dedicate this work to my wife Angela Phiri Munkasu and my children; Lushomo and Taonga.

I hope this will inspire them to soar higher than my highest.

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LIST OF ABBREVIATIONS AND ACRONYMS

COSO- Committee of Sponsoring Organisations

HOs- Hospitality Organisations

SWOT analysis - Strengths, Weaknesses, Opportunities, and Threats analysis

ZACL-Zambia Airports Corporation Limited

Dr- Doctor

CHAPTER 1

INTRODUCTION

1.0.Introduction

This chapter considers what we wanted to research and why. It presents the introduction, background to the study, statement of the problem, research aim, research objectives, research questions, and significance of the study, rationale of the research, assumptions of the research, scope of the study, limitations of the study, operational definitions, Dissertation layout, and chapter summary.

1.1. Background to the Research

1.1.1. Zambia Airports Corporation Limited.

The study investigated internal controls for Zambia Airports Corporation Limited financial performance. Internal controls according to Wilson (2022) play a critical role in ensuring that an organization has a reasonable chance of achieving its financial performance targets. Zambia Airports Corporation Limited is an airport operator providing services to scheduled and unscheduled flights. It is a company limited by shares and registered under the Companies Act number ten of 2017. It was established on 29th March, 1989 as the National Airports Corporation Limited under the Aviation Act number 16 of 1989. In September 1989, it was incorporated under the Companies Act and commenced operations thirty-two years ago on 11th September 1989. It was initially a subsidiary of Zambia Industrial Mining Corporation. Zambia Airports Corporation Limited took over the operations of the Department of Civil Aviation at Lusaka, Livingstone, Ndola, and Mfuwe International Airports which included providing air traffic control services, security at the designated airports and terminal facilities for passengers and cargo and maintaining navigational and telecommunication equipment countrywide.

The Corporation's mandate was expanded to include ten aerodromes namely; Chipata, Chinsali, Choma, Kasama, Mansa, Mongu, Solwezi, Kasaba Bay, and South Downs in Kalulushi following the issuance of Statutory Instrument number 13 of 2018 by the Ministry of Transport and Communications. The Corporation is wholly owned by the Government of the Republic of Zambia and falls under the portfolio of the Ministry of Transport and Logistics.

Zambia Airports Corporation Limited contributes to sustainable development and industrialization by facilitating trade and tourism which in turn generate growth, create jobs and

increase Government revenues from taxes (Zambia Airports Corporation Limited Annual Report 2020:4).

The primary business activity for the Corporation is to develop, manage, maintain and operate a network of four designated international airports, seven provincial and three strategic aerodromes and to provide air navigation services across the entire Zambian airspace.

The Zambia Airports Corporation Limited is governed by a nine-member Board of Directors appointed by the Minister of Transport and Logistics on three-year renewable terms. The Board chairperson and vice chairperson are elected by the Board amongst its members.

The operation of Zambia Airports Corporation Limited is the responsibility of the Managing Director who is assisted by the Deputy Managing Director and six Directors in charge of Strategy and Corporation Planning, Finance, Human resources, Airport services, Air navigation, and Commercial services.

The Corporation generates income from aviation and non-aviation sources which include over flight, landing and navigational fees, passenger service charges, ground handling fees and Government grants.

A summary of the financial performance for Zambia Airports Corporation Limited from 2017 to 2021 is provided in Table 1

Table 1: Zambia Airports Corporation Limited Financial Performance- statement of profit and loss and other income for the financial years ended 31st December 2017 to 2021.

Details	2017 Zambian Kwacha	2018 Zambian Kwacha	2019 Zambian Kwacha	2020 Zambian Kwacha	2021 Zambian Kwacha
Revenue	417,345,050	496,926,326	589,305,998	269,736,479	396,936,610
Total Expenditure	371,264,457	459,546,452	514,179,302	552,322,112	688,762,901

Total Comprehensive income	<u>28,315,676</u>	<u>80,410,138</u>	<u>119,713,657</u>	<u>(241,781,881)</u>	<u>(328,956,127)</u>
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Source: Zambia Airports Corporation Limited financial statements for 2017 to 2021.

1.2. Statement of the problem

In January 2017, the Corporation commenced implementation of the five years strategic plan for the period 2017 to 2021. One of the Corporation’s key strategic objectives was to increase profitability by maximizing revenue and minimizing costs (Zambia Airports Corporation Limited, 2017). In the first three years, the financial performance moved in the upward trajectory. However, the situation changed in 2020. As reported in Table 1 in the background of the study, the corporation experienced significant revenue decline to the extent that both 2020 and 2021 operated below the 2017, 2018 and 2019 revenue levels. While the revenue was declining, the company faced challenges in minimizing costs. This is evident from the total expenditure which actually outperformed the revenue in 2020 and 2021 financial years. Instead of maximizing revenue and minimizing cost the opposite was actualized. This had a ripple effect on profit. The company failed to record any profit, as such the strategic objective of increasing profitability could not be realized in 2020 and 2021. This was attributed to Covid-19. The aforementioned poor financial performance of the company was below the set objectives. If not controlled internally, the company risks collapsing and employees losing jobs. This may negatively affect national economy and vision 2030 of “becoming a prosperous middle-income country” (Ministry of National Development Planning, 2017). This research therefore, investigated the internal controls (control environment, risk assessment, control activities, information and communication, and monitoring) for Zambia Airports Corporation Limited financial performance as no known study had ever been conducted at the institution in this area.

1.3. Research Aim

The aim of this research was to investigate the internal controls for Zambia Airports Corporation Limited financial performance.

1.4. Research objectives

1.4.1. Main objective

The main objective of this research was to investigate the relationship between internal controls and financial performance at Zambia Airports Corporation Limited.

1.4.2. Specific objectives

The research was guided by the following objectives:

- I. To assess the effectiveness of internal controls (control environment, risk assessment, control activities, information and communication, and monitoring) at Zambia Airports Corporation Limited
- II. To assess the financial performance of Zambia Airports Corporation Limited
- III. To establish the relationship between internal controls and financial performance at Zambia Airports Corporation Limited.

1.5. Research Questions

The study was guided by the following research questions:

- I. How effective are internal controls at Zambia Airports Corporation Limited?
- II. How is the financial performance of Zambia Airports Corporation Limited?
- III. What is the relationship between internal controls and financial performance at Zambia Airports Corporation Limited?

1.6. Significance of the study

Firstly, Zambia Airports Corporation Limited may be saved from potential collapse. This is consistent with Hayes et al., (2005), Kimutai (2017), and Njiru and Bunyansi (2016). Hayes et al., (2005) assert that internal controls help a company achieve profitability goals. Achievement of profitability goals enable the company contribute to sustainable development and industrialization by facilitating trade and tourism which in turn generate economic growth, create jobs and increase Government revenue from taxes. Kimutai (2017) asserts that internal controls help a company achieve revenue targets. Njiru and Bunyansi (2016) asserts that internal controls help improve financial performance.

Secondly, it may contribute to achievement of vision 2030 of “becoming a prosperous middle-income Country.” For the vision to be realized good governance is imperative. This study is expected to contribute to strengthening of governance mechanisms and institutional capacities in particular internal controls at Zambia Airports Corporation Limited.

Thirdly, the findings might be important to policy makers in public and private institutions, since, they might be used to formulate and evaluate existing policies in strengthening internal controls and improving financial performance.

Lastly, the study may contribute to the body of knowledge by publishing the research findings on an investigation of internal controls for Zambia Airports Corporation Limited financial performance. The findings of the study are expected to be a stepping stone or empirical literature for other or future studies on internal controls and financial performance.

1.7. Rationale for the research

The researcher was an employee of Zambia Airports Corporation Limited operating under airport services department at the time of this research. He was compelled to do this research after noting weaknesses in internal controls and financial performance of selected parastatal bodies in Auditor General’s report for the financial year ended 31st December, 2020.

Key issues that concerned Zambia Airports Corporation Limited as outlined by the Auditor General report (2020) included, irregular payment of salaries in advance and failure to deduct pay as you earn. The details for irregular payment of salaries in advance were that on 19th July, 2019, Zambia Airports paid a total of K1, 142,402 to the former Directors of Finance and Air Navigation as salaries in advance on cessation of employment before the end of their contract’s contrary to terms of conditions of service and contracts for former Directors. Secondly, the Income Tax Act chapter 323 of the laws of Zambia requires that Pay as You Earn be deducted from employees’ emoluments and be remitted to the Zambia Revenue Authority. Contrary to the Act, Zambia Airports did not deduct Pay as You Earn amounting to K428,288 for salaries paid to the former Directors of Finance and Air Navigation Services.

1.8. Assumptions of the research

The primary assumption was that the research instruments would elicit reliable and objective responses. Secondly, research participants would provide accurate and honest responses to the

research questions. Thirdly, the purposeful selection of participants was derived from the assumption that they possessed valuable information about the internal controls for Zambia Airports Corporation Limited financial performance. Lastly the researcher assumed that all the participants would honor the invitation to participate in this study or at least 75 to 80 percent response rate would be achieved to give the study validity.

1.9. Research Scope

The research was conducted at Zambia Airports Corporation Limited. The study investigated internal controls for Zambia Airports Corporation Limited financial performance. Specifically, the study focused on assessing the effectiveness of internal controls at Zambia airports, assessed the financial performance of Zambia airports, and established the relationship between internal controls and financial performance at Zambia airports.

1.10. Limitations of the study

The study used a sample from a single organization. This may have limited the generalization of the findings. It is important to recognize that different organizations may exhibit variations in their data patterns and characteristics.

1.11. Operational Definitions

1.11.1. Definition of Internal Controls: Internal controls are measures put in by an organization to help achieve its financial objectives (Committee of sponsoring organisations,2013).

1.11.2. Zambia Airports Corporation Limited: An airport operator providing services to scheduled and unscheduled flights (Zambia Airports Corporation Limited, 2021).

1.11.3. Financial Performance: The extent to which an organization achieves its objectives expressed in monetary terms (Eke Gift,2018).

1.12. Dissertation Layout

The Dissertation is divided into six parts namely; the Introduction as Chapter One, Literature Review as Chapter Two, Research Methodology as Chapter Three, Presentation of Research Findings as Chapter Four, Discussion of Research as Chapter Five, Conclusion and Recommendations as Chapter six. Chapter One introduced the study and highlighted the research problem. It further outlined the aim of the research, research objectives, and research questions,

significance of the study, rationale for the research, assumptions of the research, research scope, limitations of the study, operational definitions, structure of the dissertation and chapter summary. Chapter Two presents relevant literature on the research topic. The chapter is divided into introduction, concept of internal control, concept of financial performance, prior and related research, theoretical framework, conceptual framework, critique of prior/related research and justification for this study, research gaps and chapter summary. Chapter Three elaborates the Research Methodology. The chapter outlines how the data was collected and explains how the study was designed and what procedures were taken in carrying out the research. Chapter Four presents the research findings. Chapter Five presents the discussion of the research findings. Chapter Six presents the conclusion and recommendations.

1.13. Chapter summary

Chapter one considered what we wanted to research and why. It provided the introduction and background of the study, statement of the problem, research aim, research objectives, and research questions, significance of the study, rationale for the research, assumptions of the research, scope of the study, limitations of the study, Operational definitions, dissertation layout and chapter summary.

CHAPTER 2

LITERATURE REVIEW

2.0. Introduction

The previous chapter considered what we wanted to research and why. It provided the introduction and background of the study, statement of the problem, research aim, research objectives, and research questions, significance of the study, rationale for the research, assumptions of the research, scope of the study, limitations of the study, operational definitions, dissertation layout and chapter summary. This chapter presents what is known and what is not known about the study. It presents the relevant literature on internal controls in relation to financial performance. The chapter is divided into introduction, concept of internal control, effectiveness of internal control system, concept of financial performance, theoretical framework, conceptual framework, operationalization of conceptual framework, prior and related literature on relationship between internal controls and financial performance, critique of prior and related research and justification for this research, research gap, and chapter summary.

2.1. Concept of Internal control

Internal control is a process, established by board of directors, management and relevant staff to provide reasonable assurance regarding the achievement of financial objectives (Committee of sponsoring organizations, 2013). The comprehensive definition emphasizes five key elements that constitute the nature of internal controls. Firstly, the process element entails that internal control is ongoing and not an end in itself. Secondly, the objective element suggests that when effectively established and executed, internal control is a system that allows entities to achieve their financial objectives. Internal controls help a company achieve its profitability goals and prevent loss of resources by fraud and other means (Hayes et al., 2005). In short internal controls are measures put in by an organization to help achieve its financial objectives. Thirdly, internal control is people oriented. People in an organization regardless of their level in the organization structure play a role in achieving the financial objectives of an organization. The fourth element is flexibility. Internal control can be applied to all organizations. This entails those entities should adjust internal control procedures to the needs of their organization structure. The fifth element is a limitation. Internal control provides reasonable but not absolute assurance of achieving the financial objectives. The

limitations of internal control systems are related to the relevance of the objectives set by a particular organization, management judgement, internal breakdowns and external events.

Types of internal controls in an organization depend on varying requirements of an organization. The most common types that are implemented in most organizations include preventive internal controls, detective internal controls and corrective internal controls (Owusu-Ansah, 2019).

Preventive internal controls are proactive controls that an organization puts in place to prevent a loss. These controls require management foresight in that development of these controls involves anticipating problems before they occur and implementing ways to avoid them (DiNapoli, 2016). Preventive controls include proper authorization and approval, establishment of organization chart to allocate jobs to responsible officers, adequate documentation, and constant training of staff (Yakubu et al., 2017).

Detective internal controls are reactive in that they uncover problems after they have happened. Although necessary in good internal control system, they are not as desirable as preventive controls (Lausteau and Reid, 2006). Examples of detective controls are budget reviews where actual expenditure and revenue is compared with budgeted expenditure and explanations for variances given, and physical inventories and audits.

Corrective controls address irregularities that occur in the system (Yakubu et al., 2017). Examples of corrective controls include system re-design, follow-ups, post audits and application of punishments by management for wrong doing.

2.2. Effectiveness of internal control system

Internal controls consist of five integrated components. These include control environment, risk assessment, control activities, information and communication, and monitoring activities (Hayes et al., 2005).

The control environment is established by the administrators of an organization. It is the cornerstone of internal controls, providing discipline and structure. Control environment factors include integrity, ethical values and competence of people operating in the company; management philosophy and operating style; the way management assigns authority and responsibility, and

organizes and develops its people; and attention and direction provided by the board of directors (COSO,1992).

The second component is risk assessment. Risk is defined as the possibility that an event will occur and adversely affect the achievement of objectives (COSO, 2013). Risk assessment forms the basis for determining how risk is managed. Controls should be capable of responding quickly to business evolving risks. The cost of control must be balanced against the benefits, including the risks it is designed to manage.

The third component comprises of Control activities. These are actions established through policies and procedures that help ensure that management's directives to mitigate risks to the achievement of objectives are carried out (Nyakundi et al., 2014). Control is achieved through the involvement of various stakeholders of the company. This includes the board of directors, management and all members of staff.

The fourth component comprises of Information and communication. This requires that a company identifies, captures, and communicates important information clearly and systematically to all relevant stakeholders for the purpose of enabling them to carry out their responsibilities (Kumuthinidevi, 2016). There are two types of communication namely; internal and external. Internal communication is the means used to send information to members within an organization. It enables personnel to receive a message from senior management that control responsibilities must be taken seriously. External communication allows receipt of relevant external information and provides a means of sharing information to external interested stakeholders.

The fifth component comprises of monitoring activities. These ensure that all the components of internal control system are operating effectively. Key to ensuring success in this area is periodic assessments of the effectiveness of internal controls by managers, internal auditors, and external auditors (Shabri et al., 2016).

An organization can achieve effective internal control by applying the 17 principles outlined by COSO Framework (2013). The principles falling under the five control system components are numbered and summarized in Table 2 bearing the title, The 17 Principles of assessing effectiveness of internal controls system in an organization.

Table 2: The 17 Principles of assessing effectiveness of internal controls system in an organization

Control environment	Risk assessment	Control activities	Information and communication	Monitoring activities
1.Demonstrates commitment to integrity and ethical values	6.Specifies suitable objectives	10.Selects and develops control activities	13. Uses relevant information	16. Performs ongoing/separate evaluations
2.Exercises oversight responsibility	7.Identifies and analyses risk	11. Selects and develops general controls over technology	14. Communicates internally	17.Evaluates and communicates internal control deficiencies
3.Establishes structure, authority, and responsibility	8.Assesses fraud risk	12.Deploys controls through policies and procedures	15. Communicates externally	
4.Demonstrates commitment to competence	9.Manages risks during change			
5.Enforces Accountability				

Source: COSO (2013)

The relevance of literature on internal controls was that it helped the researcher formulate a comprehensive questionnaire and interview guide to assess the effectiveness of internal controls at Zambia Airports Corporation limited.

2.3. Concept of Financial performance

Financial performance is comprised of two terms i.e., financial derived from the word finance and performance. To perform is to take a complex series of actions that integrate skills and knowledge to produce a valuable result (Elger, 2006). Financial performance is concerned with the extent to which an organization achieves its objectives expressed in monetary terms.

Stakeholders assess the financial performance of a company through financial statements (Ames et al., 2014). Profit is the most commonly used financial performance measure. Companies that make a lot of profit are rated as financially performing well and vice versa. Other significant measures for financial performance include return on assets and return on equity (Kusumawardani et al., 2021). Greater return on assets denotes good financial performance. Good financial performance signals desirable competitiveness. A competitive organization rewards its shareholders for their investment (Kusumawardani et al., 2021).

Past relevant studies on financial performance of airports adopted traffic-based parameters, for example, revenue from passengers and cargo traffic (Humphreys and Francis, 2002), (Vogel, 2006) and (Graham and Dennis, 2007). Others used financial variables such as profit, revenue, return on assets, return on equity, return on sales and Tobin Q (Vogel,2006), (Vogel,2011), (Malighettie et al.,2011), (Kato et al.,2011), and (Usami and Akai,2012), which were calculated using financial statements of the airport companies. For purposes of this study, profit and revenue were used as measures of financial performance.

2.4. Theoretical Framework

A theoretical framework is a compilation of unified thoughts based on theories according to Kombo and Tromp, (2006). Various theories have been formulated on internal controls in relation to financial performance. The theories relevant for this study are; agency theory, systems theory, control theory and stakeholder theory.

2.4.1. Agency theory

Agency theory was formulated by Jensen and Meckling (1976). The agency relationship is said to exist when the owner of the business (principal) engages agents (executives) to run the business on his or her behalf. This is usually so because the principal does not have the time or the skills to do everything that needs to be done. This involves delegating some decisions making authority to

the agent. The owner expects the agents to maximize the shareholders wealth. The key problem that agency theory addresses, is one that arises when goals of the principle and agents are in conflict, particularly when the agents decide to enrich self ahead of the business owner. The principal can limit divergences from his interest by establishing appropriate incentives for the agent and incurring monitoring costs designed to limit the aberrant activities of the agent. Monitoring includes more than just measuring or observing the behavior of the agent. It includes efforts on the part of the principal to ‘control’ the behavior of the agent through budget restrictions, compensation policies, operating rules, etc. This theory is useful in this study because internal controls are one of the mechanisms used in business to address the agent problem by reducing agency cost that affects overall financial performance.

2.4.2. Systems theory

The systems theory was initiated by Von Bertalanffy (1968). It is a science of ‘wholeness.’ It looks at systems as a ‘whole’ even though they are made of various components. Eke Gift (2018) defines a system as a set of components that are interrelated to one another to the extent that they help in achieving set objectives. This theory is relevant to this study as it helped the researcher investigate internal controls (subsystem) within Zambia airports and its relationship to financial performance (achievement of financial objectives).

2.4.3. Control theory

According to Bedeian and Giglioni (1974), the genesis of management control theory can be traced to Emerson. In 1911 Emerson drew up the twelve principles of efficiency, in which he emphasized the importance of control. He recognized control as an important function of management. Bierstaker and Thibodeau (2006) assert that the better the running of a systems operations, the less the cost and greater the benefits. This theory helped assess the effectiveness of internal controls at Zambia airports.

2.4.4. Stakeholder Theory

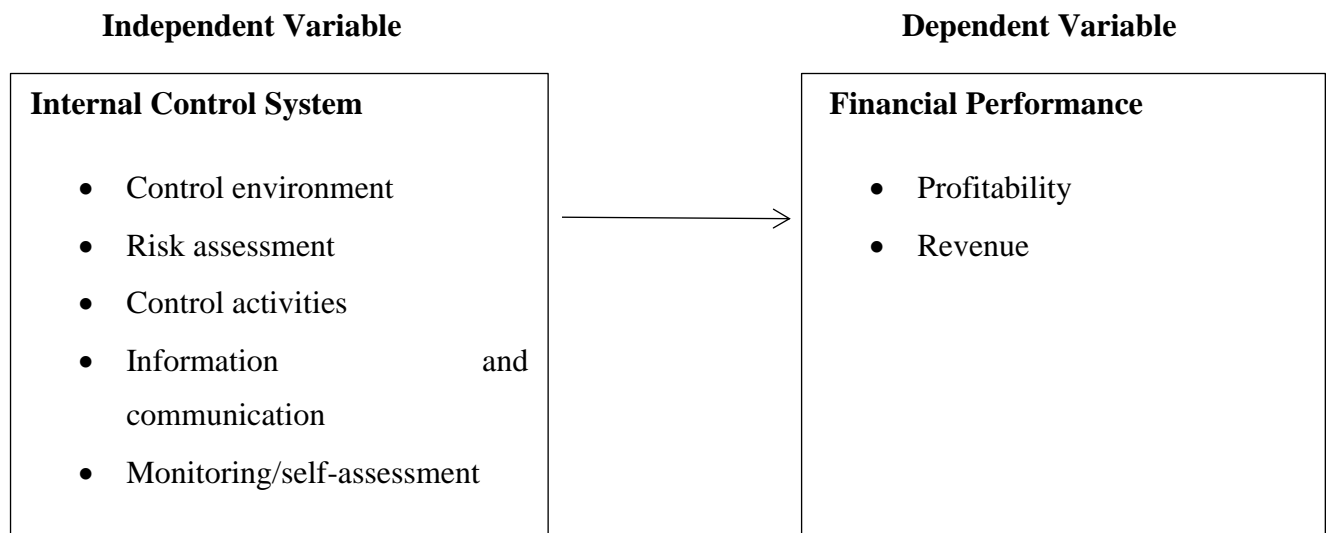
This theory was formulated by Freeman. A stakeholder is a person or groups who have an interest in organizations activities or can be affected by organizations activities (Simpson and Taylor 2013). They can be categorized into internal and external. Broadly put key stakeholders for organizations include owners, suppliers, customers, management, regulatory authorities and members of staff (West 2006). The relevance of this theory to this study is that it helped the

researcher to successfully investigate internal controls for Zambia airports in relation to financial performance by focusing on key stakeholders (management and members of staff) well vested with knowledge on the research topic.

2.5. Conceptual Framework

Based on the research objectives and literature reviewed the research framework for the study was as indicted in Figure 1.

Figure 1: Conceptual Framework



On the left is the independent variable (internal control system) and on the right is the dependent variable (financial performance). The independent variable represents the first specific objective, namely; assessment of effectiveness of internal controls at Zambia Airports. The dependent variable represents the second specific objective of the study, namely; assessment of financial performance. The independent variable and dependent variable connected with an arrow represents the third specific objective, namely; establishment of the relationship between internal controls and financial performance at Zambia Airports. The independent variable comprises of components of the internal control system namely control environment, risk assessment, control activities, information and communication, and monitoring. The dependent variable comprises of profitability and revenue. The independent variable connected by means of an arrow to the dependent variable illustrates that desired financial performance (profitability and revenue

maximization) for Zambia airports is achievable through the implementation of all the five components of internal control system.

Control environment contributes to improvement of financial performance by; ensuring that all activities in the organization are guided by the core value of integrity, ethical values are upheld by all employees, all employees are competent in their duties, skilled staff helps in administering internal controls and top management avails resources for strengthening internal controls.

Risk assessment contribute to improvement of financial performance by; ensuring that all risks are carefully identified, identified risks are carefully evaluated by competent staff, the responses to evaluated risks are timely, there is a risk management committee in the organization, and risk management committee works closely with internal audit committee.

Control activities contribute to improvement in financial performance by; ensuring that budget reviews are conducted where actual expenditure and revenue is compared with budgeted expenditure and revenue and explanations for the variances given, there is appropriate supervision by senior staff on the work of subordinates, there are adequate policies to ensure effective collection and follow ups of due revenue accounts, and all payments are approved by management.

Information and communication contributes to improvement of financial performance by; ensuring that staff are encouraged to report suspected misuse of financial resources, there is effective reporting of revenue and profit targets to be achieved in a particular financial year, all employees understand the concept and importance of internal controls, regular feedback on financial performance is provided to employees from management, and management receives timely, relevant and reliable financial reports for decision making.

Monitoring contributes to improved financial performance by; ensuring that a program is in place to regularly monitor effectiveness of internal controls, personnel responsible for monitoring internal controls are competent, internal audit unit is adequately staffed, internal audit report addresses weaknesses in the company's internal controls, and internal auditors make appropriate recommendations for management to improve the company's internal controls and financial performance.

Proper functioning of independent variables provides reasonable assurance of proper functioning of dependent variable. This assertion will however be confirmed or dispelled after conducting the study at Zambia Airports Corporation Limited.

2.6. Operationalization of Conceptual framework

The operationalization of the conceptual framework is provided in Table 3

Table 3: Operationalization of conceptual framework

Concept	Variable	Indicators	Measurement
Effectiveness of internal control system	Control environment	<p>All activities at Zambia airports are guided by the core value of integrity</p> <p>Ethical values are upheld by all employees</p> <p>All employees are competent in their duties</p> <p>Skilled staff help in administering internal controls</p> <p>Top management avails resources for strengthening internal controls</p>	Questionnaire 5 Point Likert Scale
	Risk assessment	All risks are carefully identified	Questionnaire 5 Point Likert Scale

		<p>Identified risks are carefully evaluated by competent staff</p> <p>There is a risk management committee in the organization</p> <p>Risk management committee works closely with internal audit committee</p> <p>The responses to the evaluated risks are timely</p>	
	<p>Control activities</p>	<p>There is appropriate supervision by senior staff on the work of subordinates</p> <p>All payments are approved by management</p> <p>Budget reviews are conducted where actual expenditure and revenue is compared with budgeted expenditure and revenue and</p>	<p>Questionnaire 5 Point Likert Scale</p>

		<p>explanations for the variances given</p> <p>There are adequate policies to ensure effective collection and follow ups of due accounts(revenue)</p> <p>Auditors have free access to cheque books and organization asset registers</p>	
	Information and communication	<p>Management receives timely, relevant and reliable financial reports for decision making</p> <p>Staff are encouraged to report suspected misuse of financial resources</p> <p>There is effective reporting of revenue and profit targets to be achieved in a particular financial year</p>	Questionnaire 5 Point Likert Scale

		<p>Regular feedback on financial performance is provided to employees from management</p> <p>All employees understand the concept and importance of internal controls</p>	
	Monitoring	<p>A program is in place to regularly monitor effectiveness of internal controls</p> <p>Personnel responsible for monitoring internal controls are competent</p> <p>Internal audit unit is adequately staffed</p> <p>Internal audit report addresses weaknesses in Zambia Airports internal controls</p> <p>Internal auditors make appropriate recommendations for management to</p>	Questionnaire 5 Point Likert Scale

		improve the organization's internal controls and financial performance	
Assessment of financial performance	Financial performance	Zambia airports has achieved its profit targets for the past three years Zambia airport has achieved its revenue targets for the past three years.	Questionnaire 5 Point Likert Scale
Relationship between internal controls and financial performance	Internal control system and financial performance	At Zambia airport there is a relationship between internal and financial performance Internal controls help achieve profit targets Internal controls help achieve revenue targets	Questionnaire 5 Point Likert Scale

2.7. Prior research on relationship between internal controls and financial performance

Various literatures have established a relationship between internal controls and financial performance. Njiru and Bunyasi (2016) assert that internal controls as a whole aim to improve financial performance. The whole aspect helped this research understand financial performance at Zambia Airports Corporation Limited by employing a holistic approach of assessing internal

controls which comprised of the control environment, risk assessment, control activities, information and communication, and monitoring as integrated elements of internal control system. According to Kimutai (2017), the extent of a given internal control systems effectiveness is related to the company's success in achieving its revenue objectives. This helped the researcher include revenue target as an indicator of financial performance in order to establish the relationship between internal controls and financial performance at Zambia Airports. Internal control indicators that have been confirmed to have a relationship with company financial performance include: organization control, segregation of duties, physical authorization and approval, arithmetic and accounting, personnel, supervision, management, acknowledgement of performance and budgeting (Weber, 1988). This helped the researcher adopt specific indicators of investigating internal controls at Zambia Airports which included most of the aforementioned indicators. Owusu-Ansah (2019) provides an understanding on each of the aforementioned indicators. Organization control requires that an organization should have an organization structure with clearly stipulated responsibilities. This ensures that every function is monitored by specific competent person. Segregation of duties requires separation of duties. This helps improve financial performance by reducing the risk of internal manipulations, accidental errors, and increases the element of checking on each other's work. Physical authorization and approval require that an organization has a system in place in which transactions involving corporation financial resources are authorized and approved by trusted and competent personnel. Arithmetic and accounting involve checking the arithmetic accuracy of all transaction records, including ensuring that they have been duly authorized. Personnel play a critical role in setting up an organization control system. Qualified staffs are a must for an organization to thrive financially. For any system of internal control to be effective, it also requires effective supervision of subordinate's work. Similarly, management is responsible for initiating controls and communicating them to all staff for implementation. This is done through management tools, such as, budgetary control and ensuring that financial performance is tandem with set objectives.

2.7.1. Global perspective

Globally, they seem to be minimal literature on internal controls in relation to financial performance for airports. However, various scholars have carried out studies on internal controls systems in relation to financial performance for large corporations, the findings for which can be related to airports.

Kumari and Weerasooriya (2019) carried out a study on the impact of effective internal control implementation on private commercial banks' financial performance; special reference to central province of Sri Lanka. The aim was to investigate the impact of internal control components on financial performance of private banks in the central province of Sri Lanka. Internal controls were measured by the Committee of sponsoring organizations (COSO) model of internal controls. Financial performance was measured using revenue and profitability growth. The sample of study was selected using stratified sampling technique, which comprised of 70 executive level employees from private commercial banks in central province. The study approach was quantitative and thus deductive approach and primary data was collected using questionnaire and tested using multiple regression analysis. As per the multiple regression analysis, control environment, risk assessment, information and communication and monitoring had the significant impact on the financial performance of private banks in central province. Based on the findings, the researcher concluded that there was need of much consideration on control environment, risk assessment, information and communication and monitoring which predicted the financial performance of private banks in central province of Sri Lanka. The relevance of the study by Kumari and Werասooriya was that it acted as stepping stone and helped the current study include the stakeholder theory in understanding the relationship between internal controls and financial performance at Zambia Airports. This was after observing that Kumari and Werասooriya used only executive employees and ignored non-executive in trying to understand the impact of internal controls on financial performance.

In Iraq, Ahmed and Muhammed (2018) studied internal control system and its relationship with financial performance in telecommunication companies "A case study of Asiacell". The main objective of the study was to establish the effect of internal controls on financial performance of Asiacell as a telecommunication company in Kurdistan region of Iraq. This was achieved by looking at the effect of control environment, risk assessment, information and communication, control activities and monitoring on the return on asset of the selected company. The study used both primary and secondary techniques to collect the data. In the model, the dependent variable was financial performance while the independent variables were the components of internal controls. Financial performance was measured from the perspective of return on asset. The study focused on agency theory to understand the relationship between internal controls and financial performance. After analyzing the audited financial statements and filling the questionnaire by the

employees of the selected company, findings of the study showed that there is a significant relationship between internal controls and financial performance. The dependent and the independent variables in the study indicated a relationship with control environment, risk assessment, information and communication and control activities illustrating a positive relationship with financial performance while monitoring showed a negative relationship with financial performance. The relevance of the study by Ahmed and Muhammed to this study was that, it provided valuable insight on the importance of using multiple sources of data to get a deeper understanding of truth. This helped the researcher apply a mixed method approach in investigating internal controls for Zambia Airports Corporation Limited financial performance by using both quantitative and qualitative data. Quantitative data was collected using questionnaire, which was administered to employee across all ranks and in all departments of the institution. Qualitative data was collected using interview guide administered to five senior managers in key departments.

2.7.2. Regional perspective

In the African region, a number of studies to investigate the relationship between internal controls and financial performance have also been carried out. Key ones are presented in this section.

Festus et al., (2019) examined the impact of internal control on financial performance in Nigerian airline industry. The aim was to resolve whether internal control and its components have an effect on the financial performance of Nigerian airline industry. Questionnaires were used to elicit information. A total of 50 copies were distributed to individuals at the airports visited. The data gathered, were analyzed using statistical package for social sciences to generate frequency percentages. The findings showed that internal controls and its components have significant impact on financial performance in airline industry. The relevance of the study by Festus to this study was that it provided relevant background on the research topic at least from the aviation perspective in Africa. It also provided valuable insight to the researcher on how to analyze data which involved the use of statistical package for social sciences to generate frequency percentages for the outcomes at Zambia Airports Corporation Limited.

In Kenya, Muhunyo and Jagongo (2018) studied the effect of internal control systems on financial performance of Public Institutions of Higher learning in Nairobi City County. The main objective of the study was to establish the effect of internal control system on financial performance. The study realized that the control environment, risk assessment, control activities, and information

and communication as variables of internal controls have a significant influence on financial performance of the institutions of higher learning in Nairobi County. The relevance of the study by Muhunyo and Jagongo to this study was that, it provided valuable insight on the importance of understanding systems in public institutions. This led to adopting system theory for this study. This helped establish the relationship between internal control system and financial performance at Zambia Airports.

2.8. Related research.

Wilson, (2022) investigated the impact of internal control system on the financial performance of Commercial Banks in Rwanda. The study was guided by the following objectives; to investigate the relationship between the internal controls' environment on financial performance of commercial banks in Rwanda and to establish the effect of risk management on the financial performance of commercial banks in Rwanda. The study adopted a systems theory and agency theory. It used a descriptive research design using both quantitative and qualitative approaches. The study adopted a target population of 96 and multi-level random sampling of 38 senior managers. Survey data was collected using a structured questionnaire. The data was analyzed using both qualitative and quantitative analysis. Multiple regression models were used to test whether the internal control environment and risk management have an influence on the financial performance of commercial banks in Rwanda. It was found that an internal control system has a significant relationship with financial performance. The study by Wilson was relevant to this study in that it provided guidance on how to analyze qualitative data collected through interview guide from senior managers at Zambia Airports Corporation Limited.

Pakurar et al., (2019) investigated the effect of a set of internal control-financial performance correlations on the Banking sector of Jordan in Switzerland. A correlation design was applied to measure the relationship between the variables. Primary data were collected using questionnaire from 249 employees in the Jordanian banking sector. The employees worked in positions related to internal controls, product development, procurement, compliance, risk management and operations. Secondary data was collected from books, annual reports of banks, periodicals, journals and internet. Findings were that, there is a significant link between internal controls and financial performance. The relevance of the study by Pakurar was that it contributed to an understanding of the relationship between internal controls and financial performance from the

banking sector. This enabled the researcher to contribute to knowledge by conducting a similar study in the aviation sector (Zambia Airports) and combining research instruments (questionnaire and interview guide) to enhance the study as opposed to using only questionnaire as was the case in Pakurar's study.

Eke Gift, (2018) conducted a study on internal controls and financial performance of Hospitality Organizations in River State, Nigeria. The study objective was to ascertain the correlation between internal controls and financial performance. Internal controls were measured using control environment, risk assessment, and information and communication. Financial performance was measured using total revenue and net profit. The survey research design was adopted for this study. The population of the study consisted of all Hospitality Organizations (HOs) operating in River State. Convenience sampling technique was adopted in selecting twenty Hos that constituted the sample for this study. Primary data was collected using structured questionnaires. Secondary data was collected through journals, textbooks and internet. The questionnaire was validated by senior academic and professional colleagues. The reliability index of the instrument was 0.765 obtained using the Cronbach Alpha technique. Data analysis was carried out using descriptive statistics of percentages, means, and standard deviation. Linear regression and correlation analysis were used in testing the hypothesis postulated. The investigation found that internal controls to a significant extent influence financial performance of HOs and that a positive relationship exists between internal controls and financial performance. The relevance of Eke Gift's study was that ,it provided valuable insight to this study on the need of using a research instrument that was reliable for the findings on relationship between internal controls and financial performance at Zambia Airports to be trustworthy. This was achieved by subjecting the questionnaire to a reliability test and all the variables returned a Cronback alpha greater than 0.7.

Bett and Siagara Memba, (2017) investigated the effect of internal controls on financial performance of Menengai Oil Company in Kenya. Financial performance was measured from the perspective of return on equity. Internal controls were assessed from the perspective of control environment, risk assessment and information system. The study adopted a case study research design of Menengai Oil Company. The study used Census sampling. The sample frame consisted of all employees who then worked in the finance, procurement and accounting departments of Menengai Oil Company. Primary data was collected using questionnaires from 189 respondents.

The collected data was first tabulated and analyzed by use of descriptive statistics and inferential statistics. Inferential statistics involved the use of multiple regression analysis and analysis of variance to establish the relationship between internal controls and financial performance. The study established that the variables are positively correlated. The study by Bett and Siagara was relevant to this study in that it provided an insight of involving technocrats to better understand internal controls in relation to financial performance at Zambia Airports Corporation Limited. This was achieved by interviewing senior managers from finance, procurement, strategy and corporate planning, audit, and airport services department.

Cavite, (2017) investigated the effect of internal controls on financial performance in Higher learning institutions in five countries, namely; Tanzania, Kenya, Rwanda, Uganda, and the Democratic Republic of Congo. The study utilized a descriptive-correlational design, quantitative research in which patterns of correlations were analyzed. The study involved three hundred and fifty respondents. This comprised of staff and faculty members. Fifty eight percent of respondents came from rural places and forty two percent from urban institutions. Primary data was collected using questionnaires. The data was analyzed using frequency distribution, percentage, the mean, and standard deviation. For the inferential statistics, Kruskal-Wallis's test and regression analysis were used. The findings are that internal controls positively affect financial performance. The study by Cavite was done in five African countries. Clearly, Zambia was omitted. This necessitated the need of carrying out a similar study in Zambia to understand the relationship between internal controls and financial performance at Zambia Airports Corporation Limited. In addition, the use of staff and faculty members by Cavite helped the current study to involve both management and nonmanagement staff at Zambia Airports to understand the research topic. This helped to reduce possibility of biasness in the research outcomes.

Phiri and Mbetwa, (2017) investigated the link between internal controls and financial performance in technical colleges in Zambia. The study considered three internal controls components, namely; control environment, control activities and monitoring activities. Financial performance was measured from the perspective of liquidity and accountability. The research used both quantitative and qualitative approaches using descriptive design, Questionnaires and interviews as data collection instruments. The study established a significant relationship between internal controls and financial performance. The study by Phiri and Mbetwa was important in

helping the current study understand the relationship between internal controls and financial performance from the Zambian perspective. Critical analysis of the components of internal controls used by Phiri and Mbetwa reveals that it ignored risk assessment and information and communication in assessing internal controls. Furthermore, profit and revenue were ignored in assessing financial performance. This necessitated this study which involved all the five components of an integrated internal control system at Zambia Airports Corporation limited and used profitability and revenue targets as indicators of financial performance in line with the statement of the problem.

Etengu and Amony, (2016) investigated the effect of internal controls on financial performance in non-governmental organizations in Uganda, using primary and secondary data. Internal controls were assessed from the perspective of control environment, control activities and monitoring. Financial performance was measured from the perspective of budget performance; financial reporting and accountability perspective. The research design adopted for the study was a survey design and the approach employed was quantitative approach. From a population of eighty-five respondents a sample of seventy respondents was selected. Purposive sampling was employed in selecting samples. The units of analysis were managers and employees in Finance and administration department. Quantitative data was analyzed using the statistical package for social sciences software. Findings were that control environment, control activities, and monitoring significantly affect financial performance. The relevance of Etengu and Amony's study was that it helped the researcher to select a sampling technique (purposive sampling) suitable for achieving the research objects of the study at Zambia Airports.

Jacob and Oluwafemi Philip, (2016) investigated the link between the internal controls and financial performance of five manufacturing firms in Nigeria. The methodology of the study was based on survey research approach. The statistical data used for the study were obtained by distribution of one hundred and fifty questionnaires among selected employees, in the five organizations considered in this research. These companies were chosen based on purposive sampling method. The results obtained from the questionnaires were analyzed using regression analysis in statistical package for social sciences. The study concluded that internal controls contribute highly to financial performance.

Channar et al., (2015) investigated the functionality of each of the five internal control components, examining the effectiveness of internal controls and its relationship with financial performance. The sample consisted of employees in six Hyderabad banks: National bank of Pakistan and Sindh bank from the public sector; Muslim Commercial Bank and Habib Bank Limited from private sector; Meezan bank and bank Alfalah as Islamic Banks. The sample size for this research was two hundred and ten respondents comprising of thirty-five employees from each bank. In this study, internal controls were measured by the five components whereas financial performance was measured through profitability ratios. The study used primary and secondary data. The findings indicated that internal control positively affects the banks' financial performance. Channer's study provided an insight of combining primary with secondary data to better understand the financial performance of Zambia Airports Corporation.

Oyoo Otieno, (2014) investigated the link between internal controls and financial performance of selected Micro-finance institutions in Kisumu central constituency in Kenya. Questionnaire was used to collect primary data. Collected data was analyzed using correlation and presented through tables. Internal controls were assessed from the perspective of control environment, control activities, and information and communication. Financial performance was assessed from the perspective of liquidity. Findings were that internal control positively affects financial performance with a Pearson correlation coefficient of $r=0.447$. The study provided insight of using Pearson correlation to establish relationship between internal controls and financial performance at Zambia Airports.

Munene, (2013) investigated and established the internal control-financial performance correlation at Technical Training Institutes in Kenya. Internal controls were looked at from the perspective of control environment, internal audit and control activities, whereas financial performance focused on liquidity, accounting and reporting as measures of financial performance. The research was conducted using both primary and qualitative approaches using survey, correlation and case study as research designs. Data was collected using questionnaires and review of available documents and records targeting Finance Officers, Heads of Department, Management committee members and finance and Accounts staff as respondents from the population of thirty-seven Technical Training Institutions in Kenya. Data was analyzed using the statistical package

for social sciences. The study established that there is a significant relationship between internal control systems and financial performance of Technical Training Institutions in Kenya.

2.9. Critique of prior and related research and justification for this study

Kumari and Werasooriya's (2019) study on the impact of effective internal control implementation on private banks financial performance in Sri Lanka, revealed that control environment, risk assessment, information and communication, and monitoring has the significant impact on the financial performance of private banks. Clearly the study did not manage to establish the relationship between internal controls and financial performance. Secondly, the study focused on the effective implementation aspect of internal controls without assessing if the internal controls were effective. Thirdly the study sample consisted of only executives. This study recognized the importance of establishing the relationship between internal controls and financial performance. This was preceded by assessing the effectiveness of internal controls and assessing financial performance. To ensure balanced perceptions on the study both executive and nonexecutives constituted the sample frame. This is consistent with the stakeholder theory.

Ahmed and Muhammed (2018) studied internal control system and its relationship with financial performance in telecommunication companies "a case study of Asiacell". The study indicated a relationship between internal controls and financial performance. Financial performance was measured from the perspective of return on asset. Since the problem in this study concerns consistent decrease of revenue and failure to make profit, the quality of the study was improved by using revenue and profit growth as measures of financial performance. Whereas Ahmed and Muhammed (2018) focused on agency theory to understand the relationship between internal controls and financial performance, this study added control theory, stakeholder theory and systems approach to enhance the research.

Festus et al., (2019) examined the impact of internal control on financial performance in Nigerian airline industry. The findings showed that internal controls and its components have significant impact on financial performance in airline industry. The major weakness of Festus's et al., (2019) study was that it sorely relied on primary data elicited from questionnaire. This study closed this gap by using both primary and secondary data from audited financial statements to assess financial performance of Zambia airports.

Locally Phiri and Mbetwa (2017) studied the link between internal controls and financial performance in institutions and colleges under technical, educational, vocational and entrepreneurship training management boards in Zambia. The study established a significant relationship between internal controls and financial performance. The weakness of this study was that it ignored risk assessment and information and communication in assessing internal controls. Ignoring certain components of the internal control system is one of the key weaknesses in the prior and related researches. Examples of such studies include Wilson's (2022) which investigated the relationship between internal controls and financial performance. The study established significant relationship between internal controls and financial performance. It is difficult to generalize this finding in that it was based on control environment and risk assessment. Control activities, information and communication, and monitoring components of the internal control system were ignored. The similar weaknesses are observed in Eke Gift (2018), Bett and Siagara (2017), Etengu (2016), Oyoo Otieno (2014), and Munene (2013) studies. Eke Gift (2018) established that a positive relationship exists between internal controls and financial performance of Hospitality organizations in River State, Nigeria while ignoring control activities and monitoring. Bett and Siagara (2017) established that internal controls and financial performance are positively correlated in the study of Menengai oil company in Kenya. This was based on control environment, risk assessment and information system. Control activities and monitoring as elements of the internal control system were ignored. Etengu's (2016) study on non-governmental organizations in Uganda established that internal controls affect financial performance while ignoring risk assessment and information and communication in his assessment of internal controls. Oyoo Otieno's (2014) study on Micro-Finance institution in Kisumu central constituency in Kenya established that internal controls positively affect financial performance with Pearson coefficient of $r=0.447$ while ignoring risk assessment in assessing internal controls. Munene (2013) established a significant relationship between internal control systems and financial performance of the technical training institutions in Kenya. Internal controls were looked at from the perspective of control environment, internal audit and control activities. Risk assessment and information and communication were ignored.

2.10. Research gaps

The literature reviewed indicates that prior and related research have been done relating internal controls to financial performance at the global, regional, and local level, however, none of the

known studies managed to investigate the internal controls in relation to financial performance for Zambia Airports Corporation Limited. Most of the literature reviewed managed to establish the relationship between internal controls and financial performance while ignoring some critical elements of the internal controls system and relevant stakeholders. It is against this realization that this study aims to investigate the internal controls in relation to financial performance for Zambia Airports Corporation Limited by investigating internal controls system as a whole (control environment, risk assessment, control activities, information and communication, and monitoring), assessing financial performance from the perspective of profit and revenue in line with the statement of the problem, and involving all relevant stakeholders as opposed to a small team of executives/senior managers. The stakeholders would include both executives and non-executives across all departments of Zambia Airports Corporation Limited. Mixed method approach would be used to collect both quantitative and qualitative data from respondents. The findings of this study would be published and are expected to be a stepping stone for other studies. Thus, contributing to the body of knowledge.

2.11. Chapter summary

Chapter Two considered what is known and what is not known about the study. It provided the introduction, concept of internal control, effectiveness of internal control system, concept of financial performance, theoretical framework, conceptual framework, operationalization of conceptual framework, prior and related research on relationship between internal controls and financial performance, critique of prior and related research, research gaps and chapter summary.

CHAPTER 3

RESEARCH METHODOLOGY

3.0. Introduction

The previous chapter considered what is known and what is not known about the study. It presented a review of relevant literature for this study and identified the research gaps. This chapter considers how and where the study was conducted. It presents what and how data was collected. Key elements of this chapter include introduction, research approaches, selected research methodology, area of the study, study population, sampling method, sample size formula, data collection methods, data analysis techniques, validity and reliability of instruments, trustworthiness of data, ethical considerations, and chapter summary.

3.1. Research Approaches

Research approaches can broadly be categorized into qualitative, quantitative and mixed method (Sekaran and Bougie, 2016). Qualitative approach involves using information collected from research participants to develop an explanation for the problem. Qualitative approach requires conducting interviews with research participants and reviewing of existing documents so as to have an in depth understanding of the study (Hancock and Algozzine, 2006). Quantitative approach involves reviewing statistics and use of instruments such as surveys to measure specific variables. Mixed method involves using both qualitative and quantitative approach.

3.2. Selected research methodology

Based on the research objectives, with the main being to investigate the relationship between internal controls and financial performance at Zambia Airports Corporation Limited, a mixed research methodology was used to address the research questions. This involved collection of both qualitative and quantitative data through questionnaires and interviews from executives and nonexecutive Lusaka based Zambia Airports Corporation Limited employees between 1st June and 30th August, 2023.

3.3. Qualitative Research

Qualitative research concentrates on views and experiences of research participants in solving the research problem (Gulati, 2009). The implication is that humans within the context of the study, play an important role in coming up with the solution to the research problem. The study used

qualitative research by interviewing management staff under finance, strategy and corporate planning, audit, procurement, and airport services situated at Zambia Airports Corporation Limited headquarters in Lusaka to archive research objectives. Management, staff under finance, Strategy and corporate planning, audit, procurement, and airport services were key technocrats at Zambia Airports Corporation Limited in matters patterning internal controls for Zambia airports financial performance. By collecting interview data from technocrats, the qualitative part of the data provided an in depth understanding of the relationship between internal controls and financial performance at Zambia Airports Corporation Limited.

3.4. Quantitative Research

Quantitative research focuses on numbers that represent different opinions. Quantitative research attempts precise measurement of something (Cooper and Schindler, 2014). This study applied quantitative approach through self-administered questionnaires which were given to Lusaka based staff at Zambia Airports Kenneth Kaunda International Airport, knowledgeable in internal controls and financial performance matters. This helped come up with valid and reliable answers to all the research questions of the study.

3.5. Area of the study

The in-depth investigation of the relationship between internal controls and financial performance was conducted at Zambia Airports in Lusaka, namely; headquarters and Kenneth Kaunda International Airport. The area was ideal because all members of the sample frame were adequately represented. The target area was situated in Chongwe District, off the great east road, approximately 27 Kilometers north east of Lusaka, the capital city of Zambia. The area was accessible by both private and public transport available for the researcher. Targeted offices constituted all Directors and managers offices, finance department offices, Human resource department offices, strategy and corporate planning department offices and Airport services offices. The researcher carried out the data collection through questionnaires and interviews from the executives and nonexecutives between 1st June and 30th August, 2023. The estimated transport expenses incurred are provided in appendix I (project timeline and budget)

3.6. Study Population

A population constitutes all items under consideration in any field of inquiry (Kothari 2004). Sekeran and Bougie (2016) adds that a population refers to the entire group of people, events, or things of interest that the researcher wishes to investigate.

3.6.1. Target Population

The target population for the study constituted all Zambia Airports Corporation Limited employees. The population of Zambia Airports Corporation Limited employees was estimated at one thousand and fifty (Zambia Airports Corporation Limited Annual Report,2021).

3.7. Sampling

A sample is a segment of the population that is selected for investigation. It is a subset of the population (Bryman and Bell 2011). Key reasons for sampling in this study included lower cost, greater accuracy of results and greater speed of data collection (Cooper and Schindler 2014).

3.7.1. Sampling approaches

Sampling approaches can broadly be categorized into two: probability and nonprobability sampling (Adams et al., 2007). Under probability sampling, every item of the universe has an equal chance of inclusion in the sample (Kothari, 2004). In nonprobability sampling designs, the elements in the population do not have any probabilities attached to their being chosen as sample objects (Sekaran and Bougie, 2016).

3.7.2. Selected Sampling Method

For the purpose of achieving the objectives of this study, nonprobability sampling was used. The sample was chosen through purposive sampling. Under this method the researcher selected individuals and sites for study because they could purposefully inform an understanding of the research problem and central phenomenon in the study (Cresswell, 2013). This constituted of management and none managements Lusaka based Zambia Airports Corporation Limited employees.

3.8. Sample size formula

The study used Mugenda and Mugenda (2013) formulae to arrive at the study sample size. Mugenda recommends a ten percent for target population of between 1001and 9999. Since our target population was 1050. The targeted sample size was 105. The distribution consisted of all

management staff and staff members in managing director’s office, Finance and corporate planning staff, and selected airport services department and human resources staff. The specific details of targeted participants are indicated in Table 4.

Table 4: Sample size

Type of participant	Number
Management	12
Finance and corporate planning staff	16
Managing Directors office and Air navigation	20
Airport services staff and Human resources	57
Total	105

3.9. Data collection methods

The study used both primary and secondary data collection methods.

3.10. Primary Data

Primary data was collected through interviews and questionnaires.

3.10.1. Interviews

An interview is a guided, purposeful conversation between two or more people (Sekaran and Bougie, 2016). This instrument was targeted at getting views from management concerning the research questions. The researcher interviewed the respondents in person. The interview helped in investigating the relationship between internal controls and financial performance at length with experts in their own context. Management at Zambia Airports Corporation Limited play a critical role in ensuring that internal controls are effective and managing financial performance, thus their involvement in this study could not be overemphasized. The details of questions which were used to elicit information from the respondents are provided in appendix v (interview guide). The interviews were conducted in the managers offices at their convenient time following an appointment between 1st June and 30th August, 2023.

3.10.2. Questionnaires

Questionnaires are generally designed to collect large amounts of quantitative data. They are generally less expensive and time consuming than interviews, but they introduce a much larger chance of nonresponse (Sekaran and Bougie, 2016). Questionnaire was adapted from Donati (2019) and Yahya (2018). Self-administered questionnaires were targeted at staff operating in managing director's office, airport services, finance, strategy and corporate planning, and human resources at Zambia Airports Corporation Limited headquarters and Kenneth Kaunda Airport in Lusaka. The researcher administered the questionnaires in person to the respondents. The respondents were given one week to effectively fill the questionnaire. The questionnaire was divided into the following sections in line with research objectives; assessment of the effectiveness of internal controls, assessment of financial performance, and establishing relationship between internal controls and financial performance. For details of research questions that were used to elicit information from the respondents refer to appendix IV (questionnaires). The collection of information from respondents was conducted between 1st June and 30th August, 2023.

3.11. Secondary Data

Secondary data was gathered through review of records like Audited Financial statements, journals, books, and policy documents.

3.12. Data analysis techniques

Data collected from interviews was analyzed using thematic data analysis by examining themes within data.

Quantitative data collected from questionnaires was analyzed by means of descriptive and inferential statistics. Statistical package for social sciences was also applied to complete the data analysis.

3.13. Validity and Reliability of Instruments

Validation and reliability of research instruments were achieved, firstly, by adhering to comments and in consultation with the research supervisor. Secondly, a reliability test was conducted and all the variables returned a Cronback alpha greater than 0.7, therefore the variables in the study were reliable (Cresswell, 2014). A summary of the reliability test results is provided in Table 5.

Table 5: Reliability test results

Study variables	Number of items	Cronbach's Alpha
Internal controls	25	.889
Financial performance	2	.932
Relationship between internal controls and financial performance	3	.779

Thirdly a pilot test was conducted.

3.13.1. Pilot Testing

A pilot study was carried out to test for clarity and understanding of the research questions. According to Mugenda and Mugenda (2003) a pilot study should be administered on 1 to 10 percent of the sample size.

A pilot study was taken on 10 percent of the sample population at Zambia airports. This was done using purposive sampling technique. The breakdown of participants in the pilot study was as shown in Table 6.

Table 6: Pilot test sample size.

Type of participant	Number
Management staff	2
Finance and corporate planning staff	2
Managing Directors office and air navigation staff	3

Airport services and human resources department staff	4
Total	11

Based on the feedback of the respondents, the research instruments were adjusted to ensure consistent, clarity and non-offensiveness. All participants in the pilot study were excluded from the main study.

3.14. Trustworthiness of data

Trustworthiness of a study refers to the degree of confidence in data, interpretation, and methods used to ensure the quality of a study (Polit and Beck, 2014). Trustworthiness is one-way researchers can persuade themselves and readers that their research findings are worthy of attention (Lincoln and Guba, 1985). The researcher chose the original, widely accepted and easily recognized criteria introduced by Lincoln and Guba (1985) to demonstrate trustworthiness in this study. The criteria consist of credibility, dependability, transferability and confirmability.

Credibility is the main goal of qualitative research (Lincoln and Guba, 1985). Credibility refers to confidence in the truth of the data and interpretation of them (Polit and Beck, 2014). Credibility asks questions like, “How congruent are the findings with reality?” One method of promoting credibility is through the various processes of triangulation (Norman and James, 2020). Triangulation involves several sources of information or procedures to draw conclusions about what constitutes truth. Polit and Beck (2014) identified four types of triangulations (data, method, investigator, and theory). The study applied the first two. Data triangulation involved the use of multiple data sources to validate conclusions. This was achieved by involving Zambia Airports Corporation Limited employees from all departments and at different hierarchy levels. Method triangulation was achieved by involving multiple methods of data collection (questionnaires, interviews, and company annual reports) to develop a comprehensive understanding of the study. In addition to triangulation, the researcher applied prolonged engagement to achieve credibility by investing sufficient time (more than one month) for data collection in the field (Zambia Airports Corporation Limited).

Dependability refers to the stability of the data over time and over the conditions of the study (Polit and Beck, 2014). It is the extent that the study could be repeated by other researchers and that the findings could be consistent. Credibility cannot be attained in the absence of dependability. To achieve dependability, the researcher ensured the research process was logical, traceable, and clearly documented (Tobin and Begley, 2004). This was audited by the research supervisor.

In this study the researcher focused on the informants and their views without saying this is everyone's view. The researcher provided sufficient descriptive data in the research report, so that those who seek to transfer the findings to their own site can judge transferability (Lincoln and Guba, 1985).

Confirmability is concerned with establishing that the researcher's interpretations and findings are clearly derived from the data, requiring the researcher to demonstrate how conclusions and interpretations have been reached (Tobin and Begley, 2004). According to Guba and Lincoln (1989) confirmability is established when credibility, dependability, and transferability are all achieved.

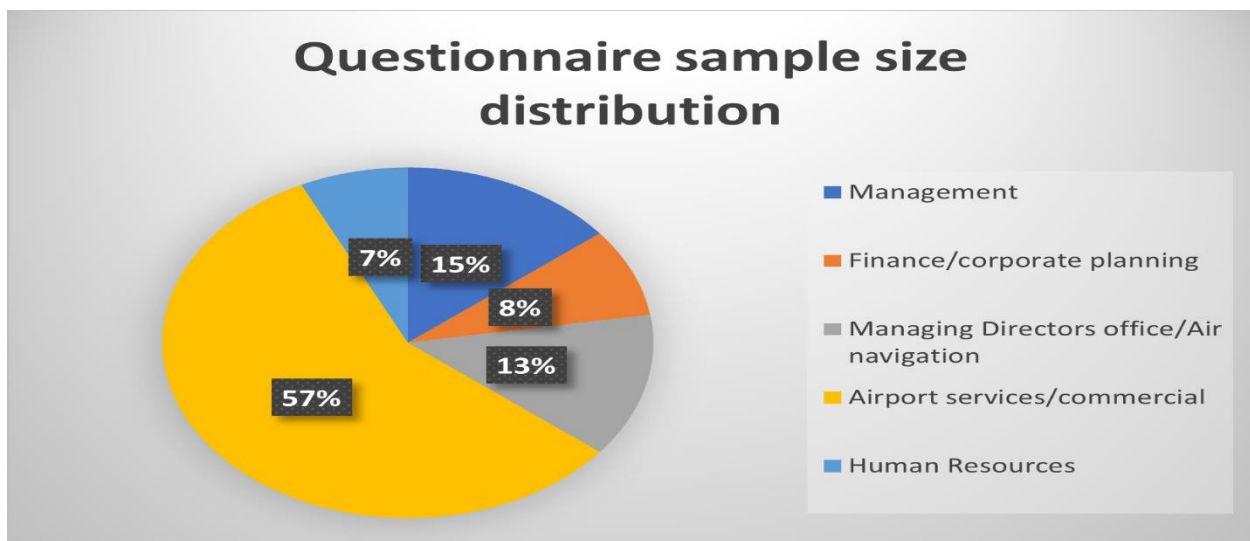
3.15. Ethical considerations

Ethical clearance was sought from University of Zambia ethics committee prior to commencing data collection (commencing the research). Once clearance was granted a letter of introduction was requested from Graduate School of Business and sent to Zambia Airports seeking access to the organization. A clear account of purpose for the study and type of access required was made as provided in appendix ii (introductory letter). Confidentiality of data and anonymity of participants were assured. Once initial access was granted, assurances about anonymity and confidentiality were repeated to the participants when collecting primary data through interviews and questionnaires. An appointment was made prior to collecting primary data from respondents. Purpose of data collection was explained to respondents and they were at liberty to accept or reject participation. Those who accepted were advised to sign on the informed consent form (appendix iii). Most participants declined signing on the consent form. Participants were informed that they were free to remain silent if they did not want to respond to any question. The researcher ensured that interviews were held at participants' convenient place and time. Primary data collection lasted more than one month in the organization. Each interview lasted at most forty-five minutes. Each questionnaire was completed within fifteen minutes.

3.16. Survey Response Rate

The researcher administered questionnaires to the targeted sample of 105 respondents. Out of which, 98 fully answered questionnaires were received by the researcher for analysis. The distribution of respondents (Figure 2) indicates that 56 respondents were drawn from Airport Services Department, 14 from Management, 13 from Managing Directors/Air Navigation, 8 from Finance and Corporate Planning, and 7 from Human Resource. This implies that Airport Services Department exceeded all the departments in terms of participation.

Figure 2: Questionnaire respondents' distribution.



The 98 fully answered questionnaires represented 93% response rate. According to Mugenda (2013) a response rate of 70% or more is acceptable for conducting data analysis. Therefore, a response rate of 93% was considered reasonable for providing findings for the study.

3.17. Chapter summary

Chapter Three presented how and where the study was conducted. It also considered what and how data were collected. Key elements covered include the introduction, research approaches, selected research method, area of the study, study population, sampling method, sample size formula, data collection methods, data analysis techniques, validity and reliability of instruments, trustworthiness of data, ethical considerations, survey response rate and chapter summary.

CHAPTER 4

PRESENTATION OF RESEARCH FINDINGS

4.0. Introduction

The previous chapter presented how and where the study was conducted. It also considered what and how data was collected. This chapter presents research findings based on data collected from respondents at Zambia Airports Corporation Limited through questionnaire as the main research tool and interviews as supplementary. The chapter has five main sections namely; introduction, quantitative research findings, qualitative research findings, challenges faced during data collection and chapter summary.

4.1. Quantitative research findings Presentation

This section presents research findings collected through the questionnaire from respondents at Zambia Airports Corporation Limited.

4.1.2. Questionnaire structure

The questionnaire was structured into three key sections namely B, C, and D. Section B aimed at assessing the effectiveness of the internal controls at Zambia Airports Corporation Limited. Section C aimed at assessing the financial performance of Zambia Airports Corporation Limited. Section D aimed at establishing the relationship between internal controls and financial performance at Zambia Airports Corporation Limited.

4.1.3. Assessment of Effectiveness of internal controls findings

The first specific objective of the study was to assess the effectiveness of the internal controls at Zambia Airports. This was done under five integrated components, namely; control environment, risk assessment, control activities, information and communication, and monitoring (Independent variables of the conceptual framework). Respondents were requested to tick the appropriate on each statement/ activity using five points Likert scale as follows: SA- Strongly Agree [5], A-Agree [4], NS- Not Sure [3], SD-Strongly Disagree [2] and D- Disagree [1]. Decision rule was as follows mode ≥ 3.5 = high perception, mode ≤ 3.4 = low perception. The mode value of each response was generated using SPSS version 27.

This was complemented by other descriptive statistics such as frequencies and standard deviation. By using these steps, it was easy to assess effectiveness of internal controls at Zambia Airports Corporation limited.

The research findings for the control environment are provided in Table 7.

Table 7: Effectiveness of control environment descriptive statistics

Key; were SA-strongly [5], A-Agree [4], NS-Not sure [3], SD-Strongly disagree [2], and D-Disagree [1]

Control environment Indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
All activities at Zambia airports are guided by the core value of integrity	18 (18.4)	63 (64.3)	10 (10.2)	2 (2.0)	5 (5.1)	4	3.8878	0.90682
Ethical values are upheld by all employees	6 (6.1)	41 (41.8)	26 (26.5)	5 (5.1)	20 (20.4)	4	3.0816	1.24083
All employees are competent in their duties	7 (7.1)	43 (43.9)	26 (26.5)	4 (4.1)	18 (18.4)	4	3.1735	1.21863
Skilled staff help in administering internal controls	13 (13.3)	74 (75.5)	9 (9.2)	1 (1.0)	1 (1.0)	4	3.9898	0.60060
Top management avails resources for	6	60	19	4	9	4	3.5105	1.00765

strengthening internal controls	(6.1)	(61.2)	(19.4)	(4.1)	(9.2)			
Average	(10.2)	(57.34)	(18.36)	(3.26)	(10.82)	4	3.5286	.66068

The findings under control environment were that most respondents perceived that all activities at Zambia airports were guided by the core value of integrity. This was supported by the mode value of 4 which was greater than 3.4. The standard deviation of 0.90682 suggests that responses on this item varied among the respondents. The investigation also revealed that ethical values were upheld by all employees. This was supported by the mode value of 4 which was greater than 3.4. The standard deviation of 1.24083 suggests that respondents' views on ethical values varied greatly. The huge difference in perceptions could suggest differences in understanding of what constituted ethical values. The study also revealed that all employees were competent in their duties (mode value of 4, standard deviation of 1.21863) and that skilled staff helped in administering internal controls (mode value of 4, standard deviation of 0.60060). This could imply that potential employees went through serious scrutiny before being offered employment and orientation after being recruited. Most respondents perceived that top management at Zambia airports availed resources for strengthening internal controls (mode value of 4, standard deviation value of 1.00765). This could imply that top management had demonstrated strong commitment in this area. Based on these findings, the control environment aspect of internal controls for Zambia Airports Corporation limited was deemed effective. This was supported by mode average of 4 which was greater than 3.4. Average standard deviation 0.66068 implied variation in perceptions of the respondents.

The research findings for risk assessment are provided in Table 8.

Table 8: Effectiveness of risk assessment descriptive statistics

Key where; SA-Strongly agree [5], A-Agree [4], NS-Not sure [3], SD-Strongly disagree [2], and D- Disagree [1]

Risk assessment Indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
All risks are carefully identified	11 (11.2)	49 (50)	32 (32.7)	1 (1.0)	5 (5.1)	4	3.6122	0.89250
Identified risks are carefully evaluated by competent staff	11 (11.2)	53 (54.1)	27 (27.6)	1 (1.0)	6 (6.1)	4	3.6327	0.92377
There is a risk management committee in the organization	22 (22.4)	49 (50)	19 (19.4)	3 (3.1)	5 (5.1)	4	3.8163	0.98804
Risk management committee works closely with internal audit committee	10 (10.2)	39 (39.8)	43 (43.9)	0	6 (6.1)	3	3.4796	0.91076
The responses to the evaluated risks are timely	3 (3.1)	28 (28.6)	46 (46.9)	5 (5.1)	16 (16.3)	3	2.9694	1.05961
Average	(11.62)	(44.50)	(34.1)	(2.04)	(7.74)	3.6	3.5020	0.71637

As indicated in Table 8 titled effectiveness of risk assessment descriptive statistics, the study revealed that all risks were carefully identified (mode value of 4, standard deviation of 0.89250) and evaluated by competent staff (mode value of 4, standard deviation of 0.92377). In addition,

most respondents perceived that a risk management committee existed (mode value of 4, standard deviation of 0.98804). The investigation revealed two weaknesses for the risk assessment component of internal controls. The first was that risk management committee did not work closely with the internal audit unit (mode value of 3, standard deviation of 0.91076). Secondly, most respondents perceived those responses to the evaluated risks were not timely (mode value of 3, standard deviation of 1.05961). Failure to respond to risks timely by a competent team at Zambia airport suggests possibility of the threat being beyond the scope of its expectation and lack of teamwork to initiate favorable response among stakeholders. Based on this assessment, the risk assessment was deemed effective. This was supported by mode average value of 3.6 which was greater than 3.4. The average standard deviation of 0.71637 implies that respondents' perceptions varied.

The findings for the control activities are provided in Table 9

Table 9: Effectiveness of control activities

Key where; SA-Strongly agree [5], A-Agree [4], NS-Not sure [3], SD-Strongly disagree [2], D-Disagree [1]

Control activities Indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
There is appropriate supervision by senior staff on the work of subordinates	13 (13.3)	70 (71.4)	12 (12.2)	1 (1.0)	2 (2.0)	4	3.9286	0.69237
All payments are approved by management	22 (22.4)	45 (45.9)	31 (31.6)	0	0	4	3.9082	0.73340
Budget reviews are conducted where actual expenditure	7 (7.1)	52 (53.1)	29 (29.6)	4 (4.1)	6 (6.1)	4	3.5102	0.92218

and revenue is compared with budgeted expenditure and revenue and explanations for the variances given								
There are adequate policies to ensure effective collection and follow ups of due accounts(revenue)	10 (10.2)	48 (49)	34 (34.7)	2 (2.0)	4 (4.1)	4	3.5918	0.85959
Auditors have free access to cheque books and organization asset registers	18 (18.4)	46 (46.9)	32 (32.7)	0	2 (2.0)	4	3.7959	0.81176
Average	(14.28)	(53.26)	(28.16)	(1.42)	(2.84)	4	3.7469	0.4776

On control activities majority of the respondents perceived that supervision by senior staff on the work of subordinates was appropriate (mode value of 4, standard deviation value of 0.69237). This could imply that employees understood their roles and responsibilities. In line with this, the investigation revealed that all payments were approved by management (mode value of 4, standard deviation of 0.73340). In addition majority of respondents perceived that budget reviews were conducted in which actual expenditure and revenue was compared with budgeted expenditure and revenue and explanations for the variances given (mode value of 4, standard deviation of 0.92218). With regard to adequacy of policies, the study revealed that policies to ensure effective collection and follow ups of due accounts (revenue) were adequate (mode value of 4, standard deviation of 0.85959). Respondents also submitted that auditors had free access to cheque books and organization asset registers (mode value of 4, standard deviation of 0.81176). The perception that

auditors had free access to organization cheque books and asset registers suggests strength and not weakness for the corporation. It suggests that Zambia airport is transparent in its operations and ready to be corrected by authorities when need arises. Based on the aforementioned findings the control activities were deemed effective. This was supported by a mode average of 4 which was greater than 3.4.

The research findings for information and communication are provided in Table 10

Table 10: Effectiveness of information and communication descriptive statistics

Information and communication activities Indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
Management receives timely, relevant and reliable financial reports for decision making	8 (8.2)	44 (44.9)	40 (40.8)	2 (2.0)	4 (4.1)	4	3.5102	0.84029
Staff are encouraged to report suspected misuse of financial resources	13 (13.3)	48 (49)	18 (18.4)	4 (4.1)	15 (15.3)	4	3.4082	1.23386
There is effective reporting of revenue and profit targets to be achieved in a particular financial year	10 (10.2)	45 (45.9)	21 (21.4)	7 (7.1)	15 (15.3)	4	3.2857	1.21842

Regular feedback on financial performance is provided to employees from management	0	27 (27.6)	30 (30.6)	14 (14.3)	27 (27.6)	3	2.5816	1.16587
All employees understand the concept and importance of internal controls	4 (4.1)	25 (25.5)	42 (42.9)	6 (6.1)	21 (21.4)	3	2.8469	1.15189
Average	(7.16)	(38.58)	(30.82)	(6.72)	(16.74)	3.6	3.1265	0.72561

On information and communication, most respondents perceived that management received timely, relevant and reliable financial reports for decision making (mode value of 4, standard deviation of 0.88029). This could imply that staff in finance were competent and had integrity. In addition, most respondents perceived that they were encouraged to report suspected misuse of financial resources (mode value of 4, standard deviation of 1.23386). This could suggest that the corporation had an effective whistle blower policy, thereby making it easy for employees to report suspected misuse of financial resources. The study revealed that there was effective reporting of revenue and profit targets to be achieved in a particular financial year (mode value of 4, standard deviation of 1.21842). The investigation revealed two weaknesses on information and communication aspect of the internal controls for Zambia airport. Firstly, the study revealed that regular feedback on financial performance to employees was lacking (mode value of 3, standard deviation of 1.16587). This suggests that management was not transparent enough to its employees on matters that concerned financial performance feedback. The second weakness was that, not all employees understood the concept and importance of internal controls (mode value of 3, standard deviation of 1.15189). This could suggest that they also did not know how their roles contributed to the effectiveness of internal controls. Based on the respondents' opinions, the information and

communication component of internal controls was deemed effective. This was supported by a mode average of 3.6 which was more than 3.4.

The last component of internal controls to be assessed was the monitoring aspect. The research findings for monitoring are provided in Table 11.

Table 11: Effectiveness of monitoring descriptive statistics

Where; SA-Strongly agree [5], A- Agree [4], NS-Not sure [3], SD-Strongly disagree [2], D-Disagree [1]

Monitoring activities Indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
A program is in place to regularly monitor effectiveness of internal controls	7 (7.1)	50 (51.0)	38 (38.1)	2 (2.0)	1 (1.0)	4	3.6122	0.69805
Personnel responsible for monitoring internal controls are competent	10 (10.2)	45 (45.9)	38 (38.8)	2 (2.0)	3 (3.1)	4	3.5816	0.82391
Internal audit unit is adequately staffed	8 (8.2)	29 (29.6)	38 (38.8)	9 (9.2)	14 (14.3)	3	3.0816	1.13677
Internal audit report addresses weaknesses in Zambia Airports internal controls	10 (10.2)	50 (51.0)	29 (29.6)	3 (3.1)	6 (6.1)	4	3.5612	0.94232
Internal auditors make appropriate recommendations for	17 (17.3)	47 (48.0)	28 (28.6)	1 (1.0)	5 (5.1)	4	3.7143	0.94159

management to improve the organization's internal controls and financial performance								
Average	(10.6)	(45.1)	(34.78)	(3.46)	(5.92)	3.8	3.5102	0.67174

Here most respondents perceived that a program was in place to regularly monitor effectiveness of internal controls (mode value of 4, standard deviation of 0.69805). This could suggest that management periodically monitored the performance of the internal control system by establishing a process that assessed the quality of its performance over time. Further, it was revealed that personnel responsible for monitoring internal controls were competent (mode value of 4, standard deviation of 0.82391). This was supported by internal audit report's ability to address weaknesses in Zambia airports internal controls (mode value of 4, standard deviation of 0.94232) as well as make recommendations for management to improve the organization's internal controls and financial performance (mode value of 4, standard deviation of 0.94159). Most respondents perceived that internal audit unit was not adequately staffed (mode value of 3, standard deviation of 1.13677). This could imply that internal auditors were fewer than the required number and thus on a long term it could affect the quality of their work. Based on these findings, the monitoring aspect of internal controls at Zambia airport was deemed effective. This was supported by the mode average of 3.8 which was greater than 3.4.

The overall findings on effectiveness of internal controls at Zambia airports are provided in Table 12.

Table 12: overall effectiveness of internal controls at Zambia airport

Where; SA-strongly [5], A-Agree [4], NS- Not sure [3], SD-Strongly disagree [2], D-Disagree [1]

Internal controls components	SA %	A %	NS %	SD %	D %	Mode	Mean	Standard deviation
Control activities	14.28	53.26	28.16	1.42	2.84	4	3.7469	.4776
Control environment	10.2	57.34	18.36	3.26	10.82	4	3.5286	.66068
Monitoring	10.6	45.1	34.78	3.46	5.92	3.8	3.5102	.67174
Risk assessment	11.62	44.50	34.1	2.04	7.74	3.6	3.5020	.71637
Information and communication	7.16	38.58	30.82	6.72	16.74	3.6	3.1265	.72561
Average	10.77	47.76	29.24	3.38	8.85	3.8	3.48284	0.6504

The overall result on an assessment of the effectiveness of the internal controls at Zambia airports as a whole was that they were moderately effective. This was supported by a mode average value of 3.8 which was greater than 3.4. This implies that it satisfied the minimum requirements for internal controls effectiveness best practices.

4.1.4. Assessment of financial performance findings

The second specific objective of the study was to assess the financial performance of Zambia airports in terms of profit (net profit) and revenue. This was achieved by requesting respondents to indicate their opinions on each of the two given statements using five points Likert scale as follows: SA- strongly agree [5], A-agree [4], NS- not sure [3], SD-strongly disagree [2] and D-disagree [1]. The decision rule was mode value ≥ 3.5 = high perception. Mode ≤ 3.4 = low perception. The actual mode of each response was generated using statistical package for social sciences software version 27. This was complemented by other descriptive statistics such as

frequencies and standard deviation. By using these steps, it was easy to assess financial performance of Zambia airport.

The findings on assessment of financial performance are provided in Table 13.

Table 13: Financial performance assessment findings

Financial performance indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
Zambia airports has achieved its profit targets for the past three years	8 (8.2)	11 (11.2)	44 (44.9)	10 (10.2)	25 (25.5)	3	2.6633	1.20945
Zambia airport has achieved its revenue targets for the past three years.	7 (7.1)	15 (15.3)	46 (46.9)	8 (8.2)	22 (22.4)	3	2.7653	1.17360
Average	(7.65)	(13.25)	(45.9)	(9.2)	(23.95)	3	2.7143	1.15321

Most respondents perceived that Zambia Airports had failed to achieve its profit and revenue targets for the past three years. This implies that financial performance was poor for the past three years. This was supported by mode value of 3 which was less than 3.4 for both profit and revenue performance. This suggests that management was not effective in terms of investment and financial decisions. Standard deviation for profit and revenue exceeded one. This suggests that respondents' perception on these matters varied greatly. The reasons for such variations were not clear.

4.1.5. Establishment of relationship between internal controls and financial performance research findings

The third specific objective of the study, was to establish the relationship between internal controls and financial performance at Zambia Airports. This was achieved by requesting respondents to indicate their opinions on each of the three assessment statements using five points Likert scale as follows strongly agree [5], agree [4], not sure [3], strongly disagree [2] and disagree [1]. The procedure/steps used in assessing objective one and two were applied in establishing the relationship between internal controls and financial performance.

The research findings on the relationship between internal controls and financial performance are provided in Table 14.

Table 14: Descriptive statistics findings on relationship between internal controls and financial performance

Relationship between internal controls and financial performance indicators	SA (%)	A (%)	NS (%)	SD (%)	D (%)	Mode	Mean	Standard deviation
At Zambia airport there is a relationship between internal and financial performance	7 (7.1)	52 (53.1)	30 (30.6)	7 (7.1)	2 (2.0)	4	3.5612	.81312
Internal controls help achieve profit targets	10 (10.2)	65 (66.3)	19 (19.4)	1 (1.0)	3 (3.1)	4	3.7959	.75926
Internal controls help achieve revenue targets	8 (8.2)	62 (63.3)	24 (24.5)	1 (1.0)	3 (3.1)	4	3.7245	.75683
Average	(8.5)	(60.9)	(24.8)	(3.0)	(2.8)	4	3.6939	0.7764

Most respondents perceived that there was a relationship between internal controls and financial performance at Zambia Airports. This was supported by mode value of 4 which was more than 3.4. The investigation revealed that internal controls help in achieving profit and revenue targets. This implies that there is a positive relationship between internal controls and financial performance. This was supported by mode value of 4 which was greater than 3.4 for both profit and revenue.

The researcher further carried out a Pearson correlation analysis between internal controls and financial performance. Pearson correlation was arrived at after noting that the univariate distribution was normal. This implied that skewness values in Zambia Airports were not exceeding negative one or positive one and kurtosis values were not exceeding negative three or positive three as provided in Table 15.

Table 15: Skewness and Kurtosis descriptive statistics

	N	Skewness		Kurtosis	
		Statistic	Standard error	Statistic	Standard error
Control environment	98	-0.561	0.244	0.027	0.483
Risk assessment	98	-1.144	0.244	2.410	0.483
Control activities	98	-0.059	0.244	0.485	0.483
Information and communication	98	-0.597	0.244	-0.237	0.483
Monitoring	98	-0.389	0.244	0.663	0.483
Financial	98	0.042	0.244	-0.561	0.483

The findings on relationship between internal controls and financial performance using Pearson correlation are provided in Table 16.

Table 16: Pearson Correlation Matrix Table for internal controls and Financial Performance

CONTROL ENVIRONMENT	Pearson correlation	1	0.597**	0.369**	0.503**	0.458**
	Sig.(2-tailed)		<0.001	<0.001	<0.001	<0.001
	N	98	98	98	98	98
RISK ASSESSMENT	Pearson correlation	0.597**	1	0.580**	0.491**	0.478**
	Sign. (2-tailed)	<0.001		<0.001	<0.001	<0.001
	N	98	98	98	98	98
CONTROL ACTIVITIES	Pearson correlation	0.369**	0.580**	1	0.529**	0.449**
	Sign. (2-tailed)	<0.001	<0.001		<0.001	<0.001
	N	98	98	98	98	98
INFORMATION AND COMMUNICATION	Pearson correlation	0.503**	0.491**	0.529**	1	0.603**
	Sig.(2-tailed)	<0.001	<0.001	<0.001		0.001
	N	98	98	98	98	98
MONITORING	Pearson correlation	0.458**	0.478**	0.449*	0.603**	1
	Sig.(2-tailed)	<0.001	<0.001	<0.001	<0.001	
	N	98	98	98	98	98
PROFIT	Pearson correlation	0.324**	0.425**	0.305**	0.231*	0.299**

	Sig.(2-tailed)	0.001	<0.001	0.002	0.022	0.003
	N	98	98	98	98	98
REVENUE	Pearson correlation	0.278**	0.452**	0.250*	0.233*	0.369**
	Sig.(2-tailed)	0.006	<0.001	0.013	0.021	<0.001
	N	98	98	98	98	98

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

*Correlation is significant at the 0.05 level (2-tailed)

The findings demonstrated that there was a positive relationship between independent variables of the internal controls system of the conceptual framework (control environment, risk assessment, control activities, information and communication, and monitoring) and dependent variable of financial performance (profit and revenue). Further, the relationship between internal controls and financial performance (profit and revenue) was significant ($p < 0.05$). The Pearson correlation coefficient of control environment and net profit was 0.324, risk assessment and net profit was 0.425, control activities and net profit was 0.305, information and communication and net profit was 0.231, and monitoring and net profit was 0.299. This suggests that an increase in internal controls could lead to an increase in net profit. Similarly, the Pearson correlation coefficient of control environment and revenue was 0.278, risk assessment and revenue were 0.452, control activities and revenue were 0.250, information and communication were 0.233, and monitoring and revenue was 0.369. This also suggests that an increase in internal controls would lead to an increase in revenue.

4.2. Qualitative research findings presentation

This section presents supplementary key findings from respondents through interviews. Respondents comprised of middle management personnel at Zambia Airports Corporation Limited drawn from finance, audit, procurement, airport services, and corporate planning and strategy. These were considered as key informers, since their work was directly related to the study under investigation. The total number of respondents was 5. The researcher ended on the fifth respondent upon noticing that no more new themes were emerging.

Research findings from the interview guide are presented in Table 17.

Table 17: Interview guide research findings

Research questions	Manager 1	Manager 2	Manager 3	Manager 4	Manager 5
1. Are internal controls in place at Zambia airport? What internal controls are in place	Yes. Proactive and corrective internal controls	Yes. Approval, segregation, and supervisory review	Yes. Transactions involving money have to pass through a process of approval by designated officers. The records of authorization are kept in case of any queries and for audit purposes.	Yes. All purchases go through approval.	Yes. Acquisition of company assets goes through budgets, approval and competitive bidding. There are passwords to restrict use of company computers. Access to company buildings is controlled through reception and aviation security

<p>2. In your opinion are internal controls at Zambia airports effective? Please explain</p>	<p>They are very effective because they help in preventing undesirable events/irregularities from occurring. There is need though to increase monitoring in order to minimize error and irregularity</p>	<p>Yes. Supervisors check the work of subordinates. Employees are offered identification cards to limit access to company assets and for security purposes. The company may consider automation of systems to reduce human error to improve on internal control effectiveness</p>	<p>They are effective. We have fewer issues with internal and external auditors. There is need though to streamline structures so that reporting structures are clear</p>	<p>They are effective but not as effective as they should be. Channels of reporting and handling financial mismanagement are in place. However, processes are so rigid. There is need to automate and reduce manual processes involving the use of too much paper. There is need for better monitoring to ensure that audit findings are implemented</p>	<p>Yes, they are effective. We have competent internal audit team that helps monitor all company activities. Internal audit reports direct to top management and risk committee. To be more effective the company should consider digitalizing -robust digital agenda may help cut out collusion and ensure</p>
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					completeness in revenue collection.
3. In terms of profit and revenue, how would you describe the financial performance of Zambia airports for the past three years? Did the company achieve its profit and revenue objectives	The company did not achieve its profit and revenue objectives due to covid-19	The company did not manage to achieve profit and revenue objectives because of covid-19	Fair. We did not manage to achieve profit and revenue target but managed to survive through the covid-19 economic turbulence. No one lost employment due to covid-19.	Financial performance was not good. We did not achieve profit and revenue objectives partly due to covid-19 but mainly due to failure to control expenditure and lack of a proper buffer. We over relied on aeronautical revenue. Had we diversified into other revenue generation sources our financial performance	The financial performance was not very good in that the company did not manage to achieve profit and revenue objectives due to covid-19. With the challenge of covid-19 the company adjusted its financial objectives from maximizing profit and

				would have been better.	revenue to survival. No employee lost employment because of covid-19.
4. In your view is there a relationship between internal controls and financial performance. Explain	There is a relationship in that internal controls enhances effectiveness and reliability in financial reporting, it further provides assurance that targets set by the organization will be achieved	Yes. They help control spending. They also help prevent fraud.	Yes, there is a positive relationship. Internal controls help prevent financial mismanagement. Costs are controlled in that procurement officers don't buy company products at prices that are higher than normal.	Yes. Internal controls help improve financial performance through strengthening customer relationship.	There is a positive relationship. Internal controls help close financial leakages and ensure that all revenue is collected and deposited to the appropriate business account.

4.2.1. Assessment of effectiveness of internal controls findings

All the five managers that were interviewed perceived that internal controls at Zambia Airports Corporation Limited were effective. Most of them indicated that all transactions went through approval process. This suggests that no money was ever released to employees without authorization from relevant authorities. Manager 2 indicated that, “they were segregation of duties and supervisory review”. This implies that key duties and responsibilities were divided among different people and that work of subordinates was thoroughly checked and corrected if found with errors before being released to relevant stakeholders. Manager 1 indicated that internal controls were effective on account that “they helped in preventing undesirable events such as fraud and indeed many other irregularities from occurring”. This was possible according to Manger 4, “because of the availability of channels of reporting suspected financial mismanagement”. In addition, Manager 5 revealed that “access to confidential information on company computers was restricted. Only officers with password had access to them”. According to manager 3, “internal controls were effective because the company had few issues with internal and external audit”. This implied that internal and external auditors had a program into which Corporations’ activities were audited. Manager 5 revealed that, “internal controls were effective because the internal auditors were competent”. This could imply that internal auditors were able to identify weaknesses in internal controls and recommended appropriate measures for improvement to top management. The respondents indicated that although internal controls were effective, more needed to be done. Manager 2, 4, and 5 cited “the need to go paperless by embracing technology as a way that would help reduce human error and enhance revenue collection”. Manager 1 indicated “the need to increase monitoring in order to minimize irregularities”. This implies that monitoring was not sufficient. This could be due to an understaffed audit team. Manager 3 indicated “the need to streamline so that reporting structures were much clear”. This could imply that certain employees had more than one supervisor. These findings suggest that management had in place preventive internal controls. Preventive internal controls are proactive measures to safeguard the company from internal and external threats (Yakubu et al., 2017).

4.2.2. Assessment of financial performance findings

All the five managers interviewed perceived that the company did not achieve its profit and revenue objectives for the past three years. This implies that financial performance was poor. This was attributed to covid-19 which negatively affected aviation business citing restrictions that were

imposed by the Government on travelling public to have led to a sharp decline in revenue especially in 2020 and 2021. Manager 4 argued that, “lack of foresight and preparedness for unexpected risk was the major cause for not achieving the revenue and profit targets”. Manager 4 indicated that “if the company had controlled spending and established a proper buffer by investing in non-aeronautical revenue sources, the financial performance would have maintained on the growth trajectory”. Manager 3 and 5 indicated that, “had it not been for internal controls in place, the financial performance would have been worse than it was. They indicated that during the times of economic turbulence, the company adjusted from maximizing revenue and profit to survival”. This yielded fruit in that the employees managed to get their salaries and no one lost their jobs due to the pandemic. The preceding findings on financial performance seem to suggest that Zambia airports had difficulties in achieving desired financial performance due to weaknesses in internal controls in the area of expenses and response to risk (covid-19).

4.2.3. Establishment of relationship between internal controls and financial performance research findings

All the Managers interviewed, “indicated a positive relationship between internal controls and financial performance at Zambia Airports Corporation Limited”. This implies that improving effectiveness of internal controls could lead to improvement in profit and revenue. Manager 1 indicated that, “internal controls help enhance efficiency and reliability in financial reporting”. The manager also added that, “internal controls provide reasonable assurance that set financial targets would be achieved”. According to manager 2, “internal controls help control spending and prevent fraud”. Manager 3 repeated what manager 2 had revealed. Manager 4 indicated that, “internal controls help improve financial performance through strengthening customer relationships”. Manager 5 indicated that, “internal controls help close financial leakages and ensure that all revenue is collected and accounted for appropriately”.

4.3. Challenges faced during data collection

Due to the busy nature of airport business, most respondents did not manage to submit the questionnaire within the stipulated time frame of one week. The researcher extended the time frame until such a time when most respondents could respond. This went to five weeks. The initial targets for interviews were the Directors of the Corporation. It was found that they were extremely

busy to attend to this research, as a result the researcher ended up with the Managers well vested in the research topic.

4.4. Chapter summary

This chapter presented the research findings based on data collected from respondents at Zambia Airports Corporation Limited through questionnaire as the main research tool and interviews as supplementary tool. The findings were in line with the specific objectives of the study.

CHAPTER 5

DISCUSSION OF RESEARCH

5.0. Introduction

The previous chapter presented the research findings based on data collected from respondents at Zambia Airports Corporation Limited through the questionnaire as the main research tool and interview guide as supplementary. This chapter discusses the key research findings in line with the specific objectives of the study, theoretical framework and conceptual framework (critique, concur, etcetera). The chapter has five sections, namely; introduction, discussion on internal controls effectiveness at Zambia Airports Corporation Limited, discussion on financial performance assessment for Zambia Airports Corporation Limited, discussion on relationship between internal controls and financial performance at Zambia Airports Corporation Limited, and chapter summary.

5.1. Discussion on assessment of effectiveness of internal controls

The first specific objective of the study was to assess the effectiveness of the internal controls at Zambia Airports Corporation Limited. The research question was how effective are internal controls at Zambia Airports Corporation Limited? The research outcome after engaging relevant stakeholders (stakeholder theory) was that internal controls as a whole using systems theory at Zambia Airports were moderately effective. This implies that it satisfied the minimum internal controls effectiveness best practices. Similar results were found by Anaenyi (2022) at Lusaka City Council and Kumuthinidevi (2016) at Private Banks of Trincomalee. This was achieved under five integrated components (independent variables) of the conceptual framework, namely control environment, risk assessment, control activities, information and communication, and monitoring.

5.1.1. Discussion on control environment effectiveness

The findings under control environment as indicated in Table 8 in chapter four were that most respondents perceived that all activities at Zambia airports were guided by the core value of integrity. The investigation also revealed that ethical values were upheld by all employees. The standard deviation of 1.24083 for ethical values suggests that respondents' views on ethical values varied greatly. The huge difference in perceptions could suggest differences in understanding of what constituted ethical values. According to institute of business ethics (2023), ethical values guide the way that business is done. It comprises what is considered acceptable or desirable

behavior, above and beyond compliance with laws and regulations. Examples of ethical values include honest, fairness, trustworthiness, respect and integrity. Integrity and ethical values are essential for an effective control environment. Integrity requires employees of Zambia Airports to do things right even when no one is looking at them. Zambia Airports employees are expected to carry out their responsibilities with exemplary integrity, commensurate with their role as public servants. Practical steps that management can take to enhance integrity according to DiNapoli (2016) include establishing and publishing a code of conduct, complying with the organization's ethical values and code of conduct, rewarding employee commitment to the organization's ethical values, establishing methods for reporting ethical violations, and consistently enforcing disciplinary practices for all ethical violations. The researcher concurs with DiNapoli (2016) that discipline is an important element in enhancing integrity and commends Zambia Airports management in this area in that the researcher witnessed the suspension of eight workmates for fraud related cases at the time of results presentation. This resonates well with the control theory which recognizes control as an important function of management.

The study also revealed that all employees were competent in their duties and that skilled staff helped in administering internal controls. Employees are said to be competent when they are skilled, knowledgeable, and have the ability to perform their assigned tasks (DiNapoli, 2016). Practical steps that Zambia airport could adopt to enhance competence include: establishing levels of knowledge and skill required for every position; verifying the qualifications of job candidates; hiring and promoting only those with the required knowledge and skills; and establishing training and education programs that help employees increase their knowledge and skills. The researcher believes that Competent staffs help in effectively implementing internal controls and achieving desirable financial performance. Spencer (2010) asserts that incompetent and unskilled employees are behind many poor performing public companies. An organization that is committed to continual learning and improvements aligned to its strategic objectives has a better chance of successful growth in terms of profit and revenue than one that fails to resource people development. Most respondents perceived that top management at Zambia Airports availed resources for strengthening internal controls. This could imply that top management had demonstrated strong commitment in this area. Some of the resources required to strengthen internal controls include equipment, software, policy and procedure manuals, as well as the tools and support those employees need to perform their jobs. The resources have to be adequate to

encourage desired outcome. Based on these findings, the control environment aspect of internal controls for Zambia airport was deemed effective. The outcome on control environment is comparable with Kumuthinidevi (2016) who evaluated the control environment of private Banks of Trincomalee and found that they were in moderate level of effectiveness. Whereas Kumuthinidevi's study evaluated control environment from the perspective of effective policies and promotions for human resources, authority and responsibility that is clearly defined, and organizational structure that enable the management of the bank. This study is unique in that it investigated control environment indicators that were previously ignored for example integrity, ethical values, and employee competency.

5.1.2. Discussion on risk assessment effectiveness

The findings under risk assessment as indicated in Table 9 in chapter four revealed that all risks were carefully identified and evaluated by competent staff. Risk identification is the process of determining potential risks to the business (safety culture, 2023). Identifying and evaluating risks is an essential part of any successful business strategy. It allows the company to identify potential threats before they cause damage and helps make sound decisions based on accurate information. Risk identification calls for being proactive. Strategies used in identifying risks include brainstorming, interviewing of employees and customers, and conducting SWOT (strength, weakness, opportunity, and threats) analysis. In addition, most respondents perceived that a risk management committee existed. The role of risk management committee is to identify potential threats before they occur and have a plan for addressing them. The investigation revealed two weaknesses for the risk assessment component of internal controls. The first was that risk management committee did not work closely with the internal audit unit. The reasons why risk management failed to work closely with internal audit unit were not clear. Secondly most respondents perceived those responses to the evaluated risks were not timely. The two weaknesses are connected in that the first has an effect on the later. By working together, internal audit and risk management can ensure that risks are being managed effectively, while supporting the organization in achieving its strategic objectives. Effective response to risks is not optional for survival in a competitive business environment. It is important for every organization to strategically respond to its risks. Risks can broadly be classified into internal and external (Hayes et. 2005). Internal risks include human error, fraud, and system breakdown. External risks include changes in legislation and natural disasters. Failure to respond timely to risks has a potential to

negatively affect financial performance of an institution. This is evident from Hapompwe (2021) who revealed beyond doubt that risks such as covid 19 had a devastating effect on most institutions' financial performance in Zambia. Based on this assessment, the risk assessment was deemed effective. The outcome on risk assessment has to be interpreted with caution. It does not mean that all elements investigated were performing well; it does however mean that most of the elements that were assessed were found to be effective. The researcher strongly recommends that management works on the identified weaknesses to enhance its financial performance. The researcher recommends that Zambia Airports Corporation Limited board enhances its supervision on management to ensure that risk management committee works closely with audit committee. To ensure timely response to risks it is recommended that refresher training on effective risk response be offered to relevant staff taking into consideration digital transformation trends.

5.1.3. Discussion on control activities effectiveness

Control activities outcomes are indicated in Table 10 of chapter four. Majority of the respondents perceived that supervision by senior staff on the work of subordinates was appropriate. The outcome is comparable with Oyoo Otieno (2014) who assessed control activities of Micro finance institutions in Kisumu Central province, Kenya and found that supervision by senior staff on the work of subordinates was appropriate. Unlike the previous scholar, the researcher views supervision through the lenses of control theory. Supervision is the process of overseeing the work of employees to ensure that they are performing their duties in accordance with policies, regulations, and ethical standards (Yendango, 2023). The fruit of effective supervision is a cadre of employees that understand their roles and responsibilities, know what is expected of them, and are held accountable for their actions. Supervision is an important internal control tool in that it helps prevent fraud and other types of misconduct. Research by Certified Fraud Examiners (2020) revealed that organizations with effective supervision experience 50 percent lower losses due to fraud than those without. In line with this, the investigation revealed that all payments were approved by management. In addition, majority of respondents perceived that budget reviews were conducted in which actual expenditure and revenue was compared with budgeted expenditure and revenue and explanations for the variances given. The researcher critiques that budget reviews were conducted, in that, if that was the case total expenditure would not have outperformed the revenue in 2020 and 2021 financial years as revealed in chapter one of this study. Approval of payments by management and budget reviews are crucial control measures to ensure that company

financial resources are put to good use. It is out of prudent management of financial resources that a company is able to make profits. With regard to adequacy of policies, the study revealed that policies to ensure effective collection and follow ups of due accounts (revenue) were adequate. It was not clear how often the named policies were reviewed. It is important to have a system of reviewing policies for relevance and effectiveness in achieving financial objectives and related risks. Respondents also submitted that auditors had free access to cheque books and organization asset registers. Zambia Airports Corporation Limited like any other institution has assets. These were acquired at a high cost. It is important for the organization to put up measures that ensure that its hard-earned resources are safeguarded. This helps reduce the risk of unauthorized use or loss. Management can protect its resources by limiting access to authorized individuals only. Access can be limited by various means such as locks, passwords, electronic firewalls and encryption (Denapoli, 2016). The perception that auditors had free access to organization cheque books and asset registers suggests strength and not weakness for the Corporation. It suggests that Zambia airport is transparent in its operations and ready to be corrected by authorities when need arises. Based on the aforementioned findings, the control activities were deemed effective. The researcher concurs with the outcome on control activities in that the study failed to identify any weaknesses and commends management at Zambia airports for putting up strong control activities to enhance financial performance.

5.1.4. Discussion on Information and communication effectiveness

Outcomes for the information and communication are provided in Table 11 of the previous chapter. Most respondents perceived that management received timely, relevant and reliable financial reports for decision making. For information to be relevant, it must come from employees that are competent and have integrity. This was demonstrated under control environment that all employees were competent and guided by the core value of integrity. Relevant information is one that is accurate, complete and available as and when needed by management. In addition, most respondents perceived that they were encouraged to report suspected misuse of financial resources. This could suggest that the Corporation had an effective whistle blower policy, thereby making it easy for employees to report suspected misuse of financial resources. One of the best practices to enhance reporting of suspected misuse of financial resources is establishing a 24/7 hotline, coupled with management that leads by good example. Clear channels of communication from employees to management are a must to encourage reporting of suspected misuse of financial resources

(Simpson and Taylor, 2013). The study revealed that there was effective reporting of revenue and profit targets to be achieved in a particular financial year. The researcher concurs that reporting of revenue and profit targets was done but critiques that mainly this was to a privileged few who were in management. This is evident from financial performance findings (Table 16) which indicated that most respondents were not sure on Zambia Airports Corporation Limited attainment of profit and revenue targets. Target setting is essential for every organization. Targets can induce or prevent motivation among employees. Without setting targets for the financial performance of the firm, it is difficult to make sense of financial performance reports. Target setting and appropriate feedback contribute to higher and better financial performance (Yitzhaky, 2021). The investigation revealed two weaknesses on information and communication aspect of the internal controls for Zambia Airports Corporation Limited. Firstly, the study revealed that regular feedback on financial performance to employees was lacking. This suggests that management was not transparent enough to its employees on matters that concerned financial performance feedback. Similar outcome was found by Mawanda (2008) who revealed that provision of feedback to junior officers was lacking at Uganda Martyrs University. In contrast Oyoo Otieno (2014) found that management provided feedback to the junior officers about the operation of the micro-finance institutions in Kisumu central constituency, Kenya. Transparency in giving feedback on financial performance could help reduce potential unrealistic expectations during conditions of service negotiations with unionized staff. Feedback could also enable employees to provide suggestions for improvement of financial performance. The second weakness was that, not all employees understood the concept and importance of internal controls. This could suggest that they also did not know how their roles contributed to the effectiveness of internal controls. It is important that all employees understand their roles for the organization to achieve its financial objectives. Internal control system involves every member of the organization, as such; internal control responsibilities should be included in each job description as required (Internal control handbook, 2021). Based on the respondents' opinions, the information and communication component of internal controls was deemed effective. The researcher concurs with the outcome from respondents and recommends that management works on the identified two weaknesses. To ensure regular feedback on financial performance to employees, the researcher recommends that Zambia Airports Corporation Limited board prompts managers to schedule regular feedback on financial performance and train them to effectively do so. In addition, multiple channels (in person, written, or digital) can be used to make

feedback accessible and convenient. To ensure that all employees understand the concept and importance of internal controls, the governing board at Zambia Airports and management could consider linking achievement of the organization's internal controls to individual performance objectives. This entails that every employee should be held accountable for the achievement of assigned internal controls. In addition, management could consider ensuring that regular communication on internal controls takes place at all levels within the organization to make sure that internal control principles are understood and applied by all.

5.1.5. Discussion on monitoring effectiveness

Outcomes for monitoring aspect are provided in Table 12 of the previous chapter. Most respondents perceived that a program was in place to regularly monitor effectiveness of internal controls. This could suggest that management periodically monitored the performance of the internal control system by establishing a process that assessed the quality of its performance over time. Each of the five components of internal controls should be evaluated through ongoing monitoring activities. From time to time, the internal control system should be updated to ensure its efficient operation (Internal Control Handbook, 2021). Further, it was revealed that personnel responsible for monitoring internal controls were competent. This was supported by internal audit report's ability to address weaknesses in Zambia Airports Corporation Limited internal controls as well as make recommendations for management to improve the organization's internal controls and financial performance. Most respondents perceived that internal audit unit was not adequately staffed. The researcher critiqued the outcome that internal audit was not adequately staffed in that the recommended number of auditors as per establishment was four. The researcher found four auditors on duty at the time of conducting the research. This could however, imply that internal auditors were fewer in comparison to the size of the company and complexity of work from the respondents' perspective. The purpose of monitoring is to determine whether internal control system is adequately designed, properly executed, and effective. Internal control system is adequately designed and properly executed if all five internal control components (control environment, risk assessment, control activities, information and communication, and monitoring are present and functioning (Owusu-Ansah, 2019). Based on these findings, the monitoring aspect of internal controls at Zambia Airport Corporation Limited was deemed effective. The researcher concurs with the outcome on monitoring aspect of internal controls having observed only one

weakness. The researcher recommends revising the established number of audit unit upwards and employing more competent staff to meet the increasing demands of the unit.

Put together, the findings demonstrate that internal controls at Zambia Airports Corporation Limited were moderately effective. Similar outcome was obtained by Anaenyi (2022) who assessed internal controls at Lusaka City council and Kumuthinidevi (2016) at the private Banks of Trincomalee. The implication is that much can still be done to reach highly effective status. This can be achieved by improving on the identified weaknesses.

5.2. Discussion on assessment of financial performance

The second specific objective of the study was to assess the financial performance of Zambia Airports Corporation Limited. The research question was, how is the financial performance of Zambia Airports Corporation Limited? The research outcome after engaging relevant stakeholders was that Zambia airports did not manage to achieve its profit and revenue targets for the past three years. This implies that the financial performance of the company was poor. Failure to achieve profit and revenue targets also implies possible omission by the company to declare reasonable dividends to the Government as required in the Public Finance Management Act of 2018. This could lead to reduction in investor confidence, signaling to stakeholders that the company is on a decline trajectory and not capable of delivering returns. These results contrast with Eke Gift (2018) who assessed financial performance in terms of total revenue, net profit, and return on asset of Hospitality organizations in River State (Nigeria) and found that they performed well. Financial performance was the dependent variable in this study and was measured in terms of profit and revenue.

Details of the outcome on financial performance are provided in Table 14 in chapter four of this study. Most respondents perceived that Zambia Airports Corporation Limited failed to achieve its profit and revenue targets for the past three years. This was due to Covid-19 according to most Managers that were interviewed but the researcher argues that it was due to weaknesses in internal controls. As indicated in Table 1 in the background of the study, the company failed to control expenditure to the extent that expenses outperformed revenue in 2020 and 2021. This had ripple effect on profit. The company failed to record any profit, as such the strategic objective of maximizing profit could not be achieved. Financial performance is an important aspect of a company. A company is not expected to grow without good financial performance. The going

concern of Zambia Airports Corporation Limited depends to a larger extent on its financial performance. Profitability according to Adalana (2020) is the most essential among accounting measures. The researcher critiques Adalana's view in that although profit shows stakeholders of an organization how effective management is in terms of investment and financial decisions; it cannot be generated without revenue commonly known as the bottom up. Revenue is the money that the company generates from its business operations (Cascini, et al.2014). The researcher argues that both profit and revenue are important for the business to run smoothly. This is supported by the stakeholder theory. The theory recognizes owners, employees, customers, and suppliers as players whose interests must be met for the organization to run effectively and efficiently.

5.3. Discussion on relationship between internal controls and financial performance

The third specific objective of the study was to establish the relationship between internal controls (independent variables of the conceptual framework) and financial performance (dependent variable of conceptual framework) at Zambia Airports Corporation Limited. The research question was what is the relationship between internal controls and financial performance at Zambia Airports Corporation Limited? The study's outcome as indicated in Tables 15 and 17 of chapter four was that internal controls help a company achieve profit and revenue targets. This implies that the study established a positive relationship between internal controls and financial performance at Zambia airports. The outcome is comparable with Phiri and Mbetwa (2017) and Eke Gift (2018). The weaknesses of these and many more prior studies was that they ignored certain elements of the internal controls system in assessing internal controls unlike this study which considered all the key five elements of the independent variable. For example, Phiri and Mbetwa (2017) established a significant relationship between internal controls and financial performance in institutions and colleges under technical, education, vocational and entrepreneurship Training management boards in Zambia while ignoring risk assessment and information and communication in assessing internal controls. Eke Gift (2018) established a positive relationship between internal controls and financial performance of Hospitality organizations in Nigeria while ignoring control activities and monitoring.

The investigation revealed that internal controls help in achieving profit and revenue targets. This confirms that desirable financial performance (profit and revenue maximization) is achievable

through the implementation of all the independent variables of the conceptual framework discussed in chapter two.

Control environment contributes to improvement of financial performance by; ensuring that all activities in the organization are guided by the core value of integrity, ethical values are upheld by all employees, all employees are competent in their duties, skilled staff helps in administering internal controls and top management avails resources for strengthening internal resources.

Risk assessment contributes to improvement of financial performance by; ensuring that all risks are carefully identified, identified risks are carefully evaluated by competent staff, the responses to evaluated risks are timely, there is a risk management committee in the organization, and risk management committee works closely with internal audit committee.

Control activities contribute to improvement in financial performance by; ensuring that budget reviews are conducted where actual expenditure and revenue is compared with budgeted expenditure and revenue and explanations for the variances given, there is appropriate supervision by senior staff on the work of subordinates, there are adequate policies to ensure effective collection and follow ups of due revenue accounts, and all payments are approved by management.

Information and communication contributes to improvement of financial performance by; ensuring that staff are encouraged to report suspected misuse of financial resources, there is effective reporting of revenue and profit targets to be achieved in a particular financial year, all employees understand the concept and importance of internal controls, regular feedback on financial performance is provided to employees from management, and management receives timely, relevant and reliable financial reports for decision making.

Monitoring contributes to improved financial performance by; ensuring that a program is in place to regularly monitor effectiveness of internal controls, personnel responsible for monitoring internal controls are competent, internal audit unit is adequately staffed, internal audit report addresses weaknesses in the company's internal controls, and internal auditors make appropriate recommendations for management to improve the company's internal controls and financial performance.

Proper functioning of independent variables (internal controls) provides reasonable assurance of proper functioning of dependent variable (financial performance).

This suggests that closing the gaps (weaknesses) in internals at Zambia Airports could lead to improvement in financial performance.

5.4. Chapter summary

The chapter discussed the research outcome while answering the research questions in relation to the theoretical framework and conceptual framework. The researcher explained, critiqued, concurred, and compared the outcome with previous studies. The chapter had five sections namely, introduction, discussion on effectiveness of internal controls, discussion on financial performance of Zambia airports, discussion on relationship between internal controls and financial performance, and chapter summary.

CHAPTER 6

CONCLUSIONS AND RECOMMENDATIONS

6.0. Introduction.

This chapter presents the conclusions and recommendations of the study. The chapter is divided into four sections, namely; introduction, conclusions, recommendations, and areas of further study.

6.1. Conclusions.

The specific objectives of the study were to; assess the effectiveness of internal controls at Zambia Airports Corporation Limited, assess the financial performance of Zambia Airports Corporation Limited, and to establish the relationship between internal controls and financial performance at Zambia Airports Corporation Limited. The study was guided by control, stakeholder, agency, and system theories. The conceptual framework consisted of independent variables (internal controls) and dependent variable (financial performance). Internal controls were assessed from the perspective of control environment, control activities, risk assessment, information and communication, and monitoring. Financial performance was assessed from the perspective of revenue and profit.

The research question for the first specific objective was how effective are internal controls at Zambia Airports? The outcome from 98 respondents who filled the questionnaires and five Managers who were interviewed was that internal controls at Zambia Airports were moderately effective. This implies that it satisfied the minimum internal controls effectiveness best practices. Similar outcome was obtained by Anaenyi (2022) who assessed internal controls at Lusaka City Council and Kumuthinidevi (2016) at the private Banks of Trincomalee.

The research question for the second objective was how is the financial performance for Zambia Airports? The outcome from the 98 respondents who filled the questionnaire and five Managers who were interviewed was that the company failed to achieve its profit and revenue targets for the past three years. This implies that financial performance was poor for the last three years. These results were in contrast with Eke Gift (2018) who assessed the financial performance in terms of revenue, profit, and return on assets of Hospitality organizations in River State and found that they were performing well.

The research question for the third specific objective was, what is the relationship between internal controls and financial performance at Zambia Airports? The study's outcome from 98 respondents who filled the questionnaire and five managers who were interviewed was that Internal controls help achieve profit and revenue targets. This implies that the study established a positive relationship between internal controls and financial performance at Zambia Airports. These results are comparable to Phiri and Mbetwa (2017) and Eke Gift (2018) who investigated and found a positive relationship between internal controls and financial performance while ignoring certain elements of the internal control system. For example, Phiri and Mbetwa (2017) established a significant relationship between internal controls and financial performance while ignoring risk assessment and information and communication in assessing internal controls. Eke Gift (2018) established a positive relationship between internal controls and financial performance while ignoring control activities and monitoring. This study was comprehensive in that it included all the five key elements of the internal controls system namely control environment, control activities, risk assessment, information and communication, and monitoring in establishing the relationship between internal controls and financial performance and involved most relevant stakeholders.

6.2. Recommendations

In order to improve financial performance (dependent variable of the conceptual framework), the study recommends strengthening of internal controls (independent variables of the conceptual framework) at Zambia Airports Corporation Limited by working on the weaknesses identified in the findings (chapter four). To improve financial performance, Zambia Airports Corporation Limited management could consider working on its risk assessment, information and communication, and monitoring aspects of internal control system.

Specific areas for the risk assessment of concern were; untimely response to evaluated risks and failure by risk management committee to work closely with internal audit committee. To ensure timely response to risks, it is recommended that refresher training on effective risk response be offered to relevant staff taking into consideration digital transformation trends. The researcher recommends that Zambia Airports Corporation Limited board enhances its supervision on management to ensure that risk management committee works closely with audit committee.

Specific areas of communication and information aspect of concern were; managers lack of provision of regular feedback on financial performance to its employees and lack of understanding of the concept of internal controls and its importance in all employees. To ensure regular feedback on financial performance to employees, the researcher recommends that Zambia Airports Corporation Limited board prompts managers to schedule regular feedback on financial performance and train them to effectively do so. In addition, multiple channels (in person, written, or digital) can be used to make feedback accessible and convenient. To ensure that all employees understand the concept and importance of internal controls, the governing board at Zambia Airports and management could consider linking achievement of the organization's internal controls to individual performance objectives. This entails that every employee should be held accountable for the achievement of assigned internal controls. In addition, management could consider ensuring that regular communication on internal controls takes place at all levels within the organization to make sure that internal control principles are understood and applied by all.

Specific area of concern for monitoring aspect was that internal audit unit was not adequately staffed. The researcher recommends revising the established number of audit unit upwards and employing more competent staff to meet the increasing demands of the unit.

6.3. Suggested areas for further study

The study was limited to a single organization, namely Zambia Airports Corporation Limited. To address this limitation, future study could collect data from multiple public institutions across different industries in Zambia. This would enhance the representativeness of the findings and provide a more comprehensive understanding of the research topic.

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APPENDICES

APPENDIX I: PROJECT TIMELINE AND BUDGET

PROJECT TIMELINE

Description	2022	2023	2023	2023
	May to December	January- February	March	April
Proposal writing				
Proposal submission and clearance				
Pilot testing, Data collection and analysis				
Report writing and submission of report				
Defense of thesis				

PROJECT BUDGET

Materials needed	Quantity required	Unit cost (Zambian kwacha)	Total cost (Zambian kwacha)
Stationery and internet bundles		500	500
Proposal typing, printing, and binding			1000

Ethical clearance			1000
Typing and printing of questionnaire and interview guides	50	10	500
Transport expenses			1000
Typing, printing and binding of research report			3000
Miscellaneous			1000
Total			8000

THE UNIVERSITY OF ZAMBIA

GRADUATE SCHOOL OF BUSINESS

APPENDIX II: INTRODUCTORY LETTER

Dear Respondent,

I am Hawthorn Munkasu a student at the University of Zambia's Graduate School of Business in my final stage of the Master of Business Administration (General) programme. In partial fulfillment of the requirements for the award of the degree of Master of Business Administration (General), I am conducting a study entitled: "*An investigation of the internal controls for Zambia Airports Corporation Limited financial performance*"

You have been purposefully sampled to provide information for the aforementioned study. The information being collected is purely for academic purposes and, as such, it will be treated with maximum confidentiality. Consequently, you are not required to indicate your name or any personal information that may lead to revealing your identity.

Your co-operation will be greatly appreciated.

Yours faithfully,

Sign.....

Hawthorn Munkasu

+260 977101407

For more information or any queries, kindly get in touch with the following:

Project Supervisor: Dr. Chaste Nsama (chastensama@gmail.com) or

Coordinator: Dr. Bupe M. Mwanza (directorgsb@unza.zm)

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APPENDIX III: INFORMED CONSENT FORM

Title: An investigation of the internal controls for Zambia Airports Corporation Limited financial performance

Purpose of the study: To investigate the internal controls for Zambia airports financial performance

Inclusion criteria: In order to participate, I recognize that I must be of sound mind and an employee of Zambia Airports operating at Kenneth Kaunda international airport or Zambia Airport headquarters in Lusaka.

Risk: I have been informed that there are no physical or emotional risks to my involvement in this study.

Benefits: I accept that I will not receive any remuneration for participating. My participation will help the researcher arrive at a better understanding of the relationship between internal controls and financial performance at Zambia Airports.

Voluntary participation: I understand that my involvement in this research project is voluntary and I am free to withdraw my participation without any pressure or negative impact on me. I also understand that my participation is anonymous and that not even the researcher will be able to identify my responses to me.

Contact Information: for any questions or concerns relating to this research project, I understand that I may contact either the researcher, Hawthorn Munkasu on +260 977101407 or the supervisor Dr Chaste Nsama at chastensama@gmail.com

.....

.....

.....

Signature of participant

Date

Signature of witness

APPENDIX IV: QUESTIONNAIRES

SECTION A: CHARACTERISTICS OF RESPONDENTS

Please indicate the answer of your choice by ticking (√) in the box next to your preferred answer.

1. What is your age range?

- 18-25yrs 26 – 33yrs 34 – 41 yrs Over 42 yrs

2. What is your gender?

- Male Female

3. Type of participant

- Management Finance/corporate planning managing Directors/Air navigation office
 Airport services/Human resources

4. What is your level of education?

- Secondary Diploma Degree Master's degree PhD

5. For how long have you been working with your current employer?

- Less than 3 years
 Between 3 and 6 years
 Between 7 and 10 years
 Above 10 years

SECTION B: EFFECTIVENESS OF INTERNAL CONTROLS

In this section the researcher seeks to assess the effectiveness of internal controls at Zambia Airports under five integrated components. Please tick (√) the appropriate alternative. Key; where SA-Strongly agree, A-Agree, NS- Not sure, SD-Strongly disagree, D-Disagree

CONTROL ENVIRONMENT	SA	A	NS	SD	D
All activities in the organization are guided by the core value of integrity					
Ethical values are upheld by all employees					
All employees are competent in their duties					
Skilled staff help in administering internal controls					
Top management avails resources for strengthening internal controls					
RISK ASSESSMENT					
There is a risk management committee in the organization					
Risk management committee works closely with internal audit committee					
All risks are carefully identified					
Identified risks are carefully evaluated by competent staff					
The responses to the evaluated risks are timely					
CONTROL ACTIVITIES					
Budget reviews are conducted where actual expenditure and revenue is compared with budgeted expenditure and revenue and explanations for the variances given					

Auditors have free access to cheque books and organization asset registers					
There is appropriate supervision by senior staff on the work of subordinates					
There are adequate policies to ensure effective collection and follow ups of due accounts					
All payments are approved by management					
INFORMATION AND COMMUNICATION					
Staff are encouraged to report suspected misuse of financial resources					
There is effective reporting of revenue and profit targets to be achieved in a particular financial year					
All employees understand the concept and importance of internal controls					
Regular feedback on financial performance is provided to employees from management					
Management receives timely, relevant and reliable financial reports for decision making					
MONITORING					
A program is in place to regularly monitor effectiveness of internal controls					
Personnel responsible for monitoring internal controls are competent					

Internal auditee unit is adequately staffed					
Internal audit report addresses weaknesses in our internal controls					
Internal auditors make appropriate recommendations for management to improve the organization's internal controls and financial performance					

SECTION C: ASSESSMENT OF FINANCIAL PERFORMANCE

In this section the researcher seeks to assess the financial performance for Zambia airports in terms of profit (Net profit) and Revenue (Total revenue). Please tick (√) the appropriate alternative

Key; where SA-strongly agree, A-Agree, NS-Not sure, SD-Strongly disagree, D-Disagree

STATEMENT	SA	A	NS	SD	D
Zambia Airports has achieved its profit target for the past 3 years					
Zambia Airports has not achieved its profit target for the past 3 years					
Zambia Airports has achieved its revenue targets for the past 3 years					
Zambia Airports has not achieved its revenue targets for the past 3 years					

SECTION D: RELATIONSHIP BETWEEN INTERNAL CONTROLS AND FINANCIAL PERFORMANCE AT ZAMBIA AIRPORTS

In this section the researcher seeks to establish the relationship between internal controls and financial performance at Zambia Airports. Please tick (√) your preferred alternative. Where Key; SA-strongly agree, A-Agree, N-Not sure, SD- Strongly disagree, D-Disagree

STATEMENT	SA	A	NS	SD	D
In Zambia airports there is a relationship between internal controls and financial performance					
In Zambia airports there is no relationship between internal controls and financial performance					
Internal controls help achieve profit targets					
Internal controls do not help archive profit targets					
Internal controls help achieve revenue targets					
Internal controls do not help achieve revenue targets					

Thank you for sparing your time and for your co-operation.

APPENDIX V: INTERVIEW GUIDE

An investigation of the internal controls for Zambia airports financial performance

Dear Respondent.

First and foremost, thank you for your willingness and for sparing your time to participate in this assessment process.

INSTRUCTIONS

- 1. Do not write your name on the questionnaire
- 2. Please ensure that all the questions are answered
- 3. Please explain your answers in the spaces provided
- 4. If you are not clear with any of the questions, feel free to seek clarification

Research questions

- 1. Kindly share your background in terms of gender, age category, department you belong, level of education, and years you have served in Zambia airports
.....
.....
.....
- 2. Are internal controls in place at Zambia airports? Yes No , what internal controls are in place?
.....
.....
.....
- 3. In your opinion are internal controls at Zambia airports effective? Please explain
.....
.....
.....

4. In terms of profit and revenue, how would you describe the financial performance of Zambia airports for the past three years? Did the company achieve its profit and revenue objectives?

.....
.....
.....

5. In your view, is there a relationship between internal controls and financial performance at Zambia airports? please explain

.....
.....
.....

6. Apart from what has been done so far in the company, what more can Zambia airports do to strengthen internal controls and improve financial performance in terms of revenue and profit levels?

.....
.....
.....

Thank you for sparing your time and for your co-operation.