

**How to Cite:**

Anthony O, O., Christopher, D., Jennifer, O., & Chinedu, E. (2022). Administrative internal control system and performance effect: Focus on telecommunication industry in South-South and South-East Nigeria. *Linguistics and Culture Review*, 6(S1), 169-193.  
<https://doi.org/10.21744/lingcure.v6nS1.1997>

# **Administrative Internal Control System and Performance Effect: Focus on Telecommunication Industry in South-South and South-East Nigeria**

**ODITA Anthony O**

Delta State University, Abraka Delta State, Nigeria

**DANIELS Christopher**

Delta State University, Abraka Delta State, Nigeria

**OBIRE Jennifer**

Delta State University, Abraka Delta State, Nigeria

**ENEH Chinedu**

Delta State University, Abraka Delta State, Nigeria

**Abstract**--The study focused on effect of admin internal control on performance in telecommunications industry in South South and South East Nigeria. The study employed a descriptive survey research design. Instrument adopted for the study is a structured questionnaire based on simple random sampling method. In addition, interview was also employed to serve as a compliment for the questionnaire. Reliability of the research instrument was tested using the Cronbach Alpha method which revealed that the instrument is reliable. The result of Durbin Watson revealed that the data is free from autocorrelation. Data analysis was done using both descriptive and inferential analysis technique. Descriptive statistics was used to give insight on the respondents profile while inferential statistics was used in the conducting of hypotheses. The five research questions for the study were analyzed using multiple regression model. The study shows that the five null hypotheses were rejected while the five alternative hypotheses were accepted (organization's internal control environment ( $p=0.000<0.05$ ,  $\beta=0.890$ ); risk assessment ( $p=0.000<0.05$ ,  $\beta=0.242$ ); control activities ( $p=0.001<0.05$ ,  $\beta=0.092$ ); information and communication ( $p=0.000<0.05$ ,  $\beta=0.115$ ); monitoring ( $p=0.000<0.05$ ,  $\beta=0.307$ )). The study concluded that organization's internal control environment, risk assessment, control activities,

information and communication, and monitoring aid and has a positive influence on organizational performance. Thus, telecommunications industries that invested more on effective internal control systems are most likely to experience an improved overall performance as compared to those telecoms industries that had a weak internal control system. The study recommended the following among others: management of firms in the telecommunication industries should further study the control environment on possible aspects they might have paid little attention to which might have impacted performance; management should develop additional control activities to sustain and boost the achievement of internal control.

**Keywords**---administrative internal, control system, financial performance, performance effect, telecommunication industry.

## Introduction

Several studies have indicated that internal control variables impact on the performance of an organization including the control activities, risk assessment and control environment. Financial performance can be measured by liquidity, efficiency and profit while non-financial performance can be measured by non-monetary variables such as customer satisfaction, defect rates, brand loyalty, first pass yields and employee satisfaction (Davis & Albright, 2004; Mahoney & Roberts, 2007). It can be said that the basic concepts of an organization's risk assessment processes are relevant to both large and small organizations.

Market volatilities can lead to diminished demand, erosion of prices and downturns of foreign exchange rates. Given that organizations deal with public funds, there is need for strong internal control measures to safeguard the funds (Frazer, 2012). Different internal control systems come with different effectiveness levels. Studies carried out by professionals in Europe and north America found out that companies that had strong internal control systems were well developed, better in a competitive market, greatly controlled by government laws, extra conservative, more competent, had high liquidity and profitability and had better management controls (Chinaemerem & Anthony, 2012; Muriuki, 2017). There are majorly four internal control theories that have been advanced namely: the systems, agency, institutional and stakeholder theory. Agency theory involves the entrusting of one's obligations to another person to perform services on their behalf (Gamage et al., 2014). The delegation helps in promoting efficiency and productivity through division of labor and help instill a work force culture that could boost efficiency (Odita 2021). The institutional theory perceives institutions as social structures which have gained higher degree of resilience. According to the institutional theory the structures are made of elements (normative, regulative and cultural-cognitive) that promote legitimacy (Muriuki, 2017). These elements work in association with given resources and activities to enhance stability and the interactive nature of humanity and their environment. The stakeholder (owners) theory, on the other hand, perceives an organization as comprising of stakeholders who benefit or get harmed by the actions of an organization. The stakeholders include stockholders, employees, suppliers, customers regulatory

agencies and competitors of the organization. The systems theory is an interdisciplinary theory that investigates a phenomenon using a holistic approach. It considers an observed reality as integrated and interacting in such a way that the individual parts are indistinct because they are interrelated.

According to [Mirinaviciene \(2014\)](#), most researchers are in agreement that internal controls inform good financial reporting and prevention of fraud. However, many organizations put more emphasis on external audits than internal audits. As a result, they focus more on determining whether fraud has occurred instead of using internal controls and audits to prevent any malpractice from occurring in the first place [\(Kustina et al., 2019\)](#). Organizations lose about 5% of revenue from fraud every year. Despite the existence of fraud detection techniques such as ratio analysis, regressions analysis, financial ratios, decision trees, neutral networks and transformation of variables, fraud is still difficult to detect since the executives involved have learnt to manipulate results. With the improvement in technology, financial institutions have expanded their operations beyond their domestic borders, which expose them to higher risks, frauds and other irregularities [\(Ehiedu et al., 2020\)](#). It is therefore imperative that institutions maintain strong internal controls. Internal control and risk management are fundamental elements of governance of an organization. The two elements are perceived as the foundation to the new strategic business management approach [\(Odita & Bello 2015\)](#). A study carried out by [Saeidi et al. \(2015\)](#), to look into the coordination of internal control operations and performance effects of a Golestan telecommunication company found a productive interdependence of the company's internal control and performance [\(Zahra & Garvis, 2000; Bernard & Jensen, 1999\)](#). Therefore, when an organization implements an effective internal control system, its performance gets improved, both on financial and non-financial aspects [\(Abernethy, & Lillis, 1995; Mirchandani & Head, 2001\)](#).

The objective of the study is to review the literature on the effectiveness of internal control on organizational performance through the use of five internal control components (organization's internal control environment, risk assessment, control activities, information and communication and monitoring), and their resultant effect on organizational performance, using the telecommunications industry (specifically, Airtel, MTN, and 9Mobile) in Delta State, Edo State (South South) and Anambra State (South East) Nigeria as a case study.

### **Research problem**

There is an overriding challenge of the efficiency of internal control in creating the right organizational confidence in recent times. Proper systems have to be put in place in order to discourage errors, fraud and identify mistakes quickly, and, if that fails, management can take corrective action to minimize losses. Owners or managers are responsible for establishing an effective control environment in their organizations, as this is part of their responsibility over the use of organization resources [\(Anantadjaya et al, 2021\)](#). Because internal control services may have many component purposes, there are increasing calls for better internal control systems. In order to be able to perform, organizations must critically look at customers and all stakeholders in business and know how best

they are satisfying their needs. Taking a brief historical review on the telecommunications industry in Nigeria, Airtel, which once started as Econet Nigeria has over the years been known for its constant change in management, which among all can be attributed to poor internal control system. In the same way, Etisalat Nigeria lost its brand name to 9Mobile due to factors that can be attributed to poor internal control system. MTN Nigeria has also not been totally free from having their own share, as the company was almost forced out of business as a result of the huge fine that was imposed on them which also can be attributed to poor internal control system ([Zainudin et al., 2021](#)). In seeking to enhance accountability and restore investor's confidence, there is need to emphasize the critical role of internal control over organizational performance ([Adinkrah & Adinkrah, 2021](#); [Houndjo, 2018](#)). These among all have prompted the researcher into researching on internal control and organizational performance, using the telecommunication industry, specifically, Airtel, MTN, and 9Mobile in Delta State, Edo State (South South) and Anambra State (South East) Nigeria as a case study.

### **Research questions**

- To what extent does organization's internal control environment affect organizational performance in the telecommunications industry?
- How does risk assessment affect organizational performance in the telecommunications industry?
- To what extent does control activities affect organizational performance in the telecommunications industry?
- What impact does information and communication have on organizational performance in the telecommunications industry?
- How does monitoring affect organizational performance of telecommunications industry?

### **Objectives of the Study**

The general objective of the study is to investigate the effect of internal control System on organizational performance in the telecommunications industry in South South and South East Nigeria. Specific objectives are to:

- examine the effect of internal control environment on organizational performance in the telecommunications industry;
- determine the level of risk assessment on organizational performance in the telecommunications industry;
- ascertain the effect of control activities on organizational performance in the telecommunications industry;
- determine the impact of information and communication on organizational performance in the telecommunications industry;
- assess the effect of monitoring on organizational performance in the telecommunications industry.

## **Research hypotheses**

The study was guided by the following hypotheses;

- HO1: Organization's internal control environment has no significant effect on organizational performance in the telecommunications industry
- HO2: Risk assessment has no significant effect on organizational performance in the telecommunications industry
- HO3: Control activities has no significant effect on organizational performance in the telecommunications industry
- HO4: Information and communication has no significant effect on organizational performance in the telecommunications industry
- HO5: Monitoring has no significant effect on organizational performance in the telecommunications industry

## **Review of related literature**

### **Conceptual review**

#### **Concept of internal control**

Internal control can be defined as a set of mechanism designed to motivate an individual or a group towards achievement of a desired objectives (Kirsch, 2002). Internal control should be able to achieve the objective of bringing about cooperation among people with divergent objectives in the organization. Similarly, internal control has been defined as all policies and procedure adopted by the management of an entity to assist in achieving the primary objectives of the management by ensuring that the business is conducted in the most efficient way possible and also ensuring strict adherence to management policies, safeguarding of asset, prevention and detection of fraud and timely preparation of reliable account records (Jacob & Philip, 2016).

Internal controls are established to achieve objectives that are interlinked to the general objectives of the organization; public or private. Internal Control provides a standard against which business and other entities- large or small, in the public or private sector, for profit or not can assess their control systems and determine how to improve them. Internal controls benefits organizations only if they are functional and effective as intended. Bongani (2013), therefore asserted strongly that very sound and functional control systems serve as first line of defense in safeguarding assets, prevents and somewhat assist in detecting fraudulent activities, and to a greater extend guide against corporate failure (Oghoghomeh & Odita, 2013). To ensure that internal controls are effective and functional, they must be designed with the organizations characteristics in mind (Oppong et al., 2016).

#### **Components or attributes of internal control**

Internal Controls are to be an integral part of any organization's financial and business policies and procedures. Internal controls consists of all the measures taken by the organization for the purpose of; (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of the organization; and (4) evaluating the level of performance in all organizational units of the

organization. Internal controls are simply good business practices. The five components or attributes are the following:

- Organization's internal control environment;
- Risk assessment;
- Control activities;
- Information and communication;
- Monitoring.

### **Internal control systems and organizational performance**

Effective internal control system is unequivocally correlated with an organization's success and it involves reviewing of the authenticity of the operational activities, the controls safeguarding the organization assets, assessment of compliance of employees to the managerial laws and regulations, following operational guides, and an assessment of the efficiency of achieving the team objectives (Fadzil, 2005). Singleton et al. (2016), classifies internal controls into three forms of controls; the preventive, normative and detective controls. Preventive controls give an insight of problems that are likely to occur and institutes adjustments before the problems are experienced. Detective controls detect and reports errors, omissions or malicious acts, while corrective controls ensure the effects of the threats are minimized.

### **Conceptual framework**

The conceptual framework for this study is adapted from the COSO updated model (COSO, 2013) which defines internal control system to consist of five basic components which are control environment, risk assessment, control activities, information and communication, and monitoring, and sees these components to be inter-alia in the proper functioning of an organization. These components must be present for an organization to perform successfully in terms of protection of asset, proper financial reporting, and compliance with operational requirements of the selected small businesses (James et al., 2014). These components and their resultant effect on organizational performance are further discussed below.

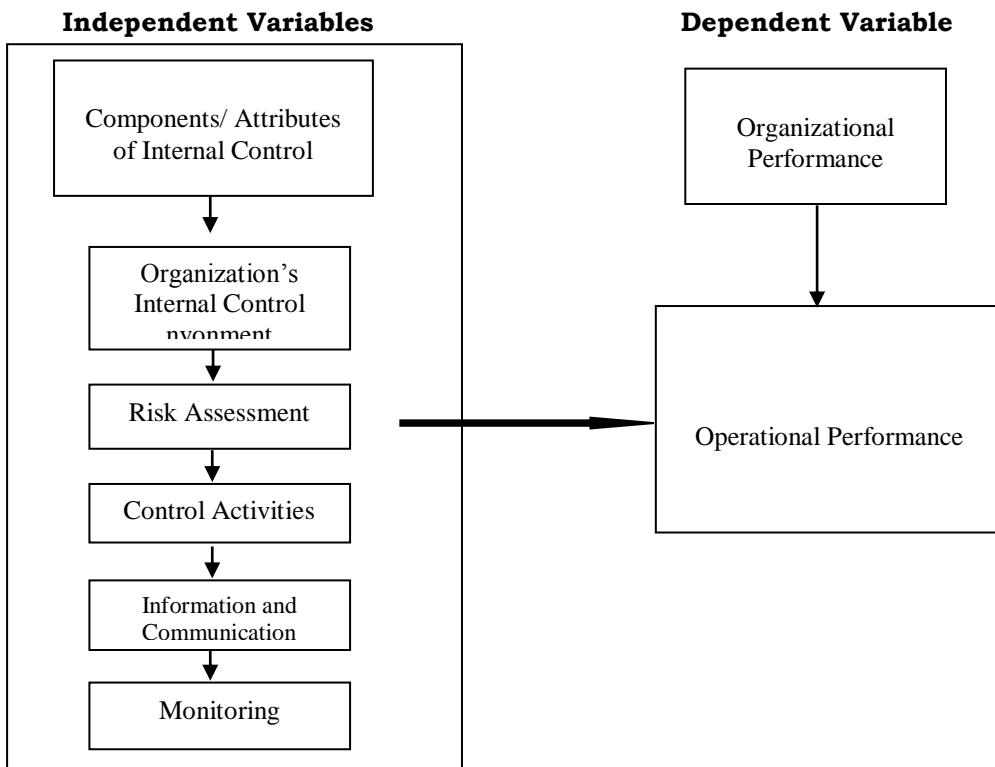


Figure 1. Interaction between the independent and dependent variables  
Source: Researcher's model (2021)

### Theoretical framework

Three theories are used in this study. These are (i) Agency theory, (ii) stakeholder theory and (iii) institutional theory. These three theories are relevant in the context of this study because they help in (i) how management and owners interrelate in order to achieve effective internal control in relation to organizational performance; (ii) the stakeholder theory is important because it helps to understand how the interest of the various organization stakeholders affect the performance of an organization and (iii) the institutional theory explains how institutions – both government and other organization – shape the performance of an organization.

#### Agency theory

Agency theory was developed in 1976 by Jensen and Meckling. This theory is an agency relationship as a contract under which one or more persons (the principal(s)) engage another person (the agent) to perform some service on their behalf which involves delegating some decision-making authority to the agent. Agency theory analyses the relationship between two parties: investors and managers. The agent (manager) undertakes to perform certain duties for the principal (investors) and the principal undertakes to reward the agent. As such, the theory describes firms as necessary structures to maintain contracts, and

through firms, it is possible to exercise control which minimizes opportunistic behavior of agents (Mwangi, 2012).

### **Stakeholder theory**

In organizational settings, stakeholders are the people that benefit or get harmed by the organization's actions (Muriuki, 2017). Stockholders are among the stakeholders with special claim on an organization. The stockholders are the owners of the organization and they expect some kind of return on their investment. Employees are the other stakeholders who offer specialized skills to the organization. In compensation for their loyalty, they expect the organization to give them meaningful work, wages, benefits and security. According to Njeri (2017), they also expect the organization to carry them along during the difficult times. On the other hand, the organization expects them to follow instructions from the management and speak favorably about the corporation.

### **Institutional theory**

According to the institutional theory, institutions are social structures which have gained higher degree of resilience (Muriuki, 2017). The structures comprise of three elements, namely; regulative, normative and cultural cognitive. These elements work inclusively with associated resources and activities to enhance financial stability and improve the living standards of the public. The carriers that transmit institutions include routines, rational systems and symbolic systems. Institutions have different jurisdiction, from the local interpersonal relationships to the world systems. According to the institutional and the neo-institutional theory, environmental alignment and organizational practices results from normative, coercive and mimetic forces (Adebanjo et al., 2013).

### **Empirical review**

The study of Monday, Monday et al. (2014), investigated the effect of internal controls on the operating performance of small businesses in Lagos Metropolis. Primary data were employed through structured questionnaire administered to 200 small businesses selected using convenience sampling. Six determinants of internal control - control environment, risk assessment, control activities, information and communication, monitoring, and information technology were examined to determine their influence on the financial and operational performance of small businesses. The results showed that these determinants have significant effect on the efficiency of operations of the selected small businesses, which consequently enhanced their profitability.

The study of Oppong et al. (2016), examines the current level of internal controls operated by seven faith-based NGOs and how that is affecting their performance. The study found that internal control systems significantly enhances the performance of the faith-based NGOs, in two aspect; economy and efficiency but does not necessarily make them effective.

This study of Jacob & Philip (2016), focused on the effect of internal control on financial performance of some selected firms. 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 (150) questionnaires among selected employees, in the five (5) organizations considered in the research work. The result of the analysis showed that internal control had significant relationship with fraud perpetrated in the organization,

The study of [Njeri \(2017\)](#), was set out to determine the effects of internal control systems on the performance of multinational financial services companies in Kenya. The study reviewed previous scholarly studies whose results suggested a positive relationship between internal controls and organizational performance. The findings affirmed a correlation between organizational performance and the strength of the internal control systems in the companies studied.

The study of [Umar & Dikko \(2018\)](#), examined the effect of internal control systems on the performance of commercial banks in Nigeria. A survey method was employed and the study used stratified random sampling, in which a total of 382 questionnaires were administered to either staff of operations, marketing, or security department in the Nigerian commercial banks. The findings of the study revealed that there was a positive and significant relationship between the four components of internal control (control environment, control activities, monitoring and risk assessment) and bank performance. While information and communication were found to have an insignificant positive relationship with bank performance.

## **Methodology**

### **Research design**

The study adopted the survey research approach. The objective of this study and the nature of the data gathered determined the appropriateness of this method that was adopted research. Hence, with prior knowledge of the problem, the survey research approach allows the study to be structured and pre-planned ([Malhotra & Singh, 2007](#)). In such a case, the researcher is able to identify the target population, estimate the proportion of people to participate in the study, and make specific predictions.

### **Population of the study**

The population of the study comprised staff and members of Airtel, MTN, and 9Mobile in Delta and Edo states, (South South) and Anambra state (South East) Nigeria.

Table 1

The choice of these locations is based on accessibility and convenience

Name of Organization	Number of Employees
Airtel	247
MTN	281
9Mobile	203
Total	731

Source: Personnel manager desk (2020) of the telecoms industries used for the study

### Sample size

The Yamane's formula was used to determine a sample size that is representative of the population under study. It goes by the formula:

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

Where  $n$  = Sample size

$N$  = population of study

1 is a constant

$e$  is the estimated standard error which is 5% (0.05) for 95% confidence level.

Substituting into the formula,

$$n = \frac{731}{1+731(0.05)^2}$$

$$n = \frac{731}{1+731(0.0025)}$$

$$n = \frac{731}{1+1.8275}$$

$$n = \frac{731}{2.8275}$$

$n = 258.53$

$n = 259$ .

$n = 259$  is the adopted sample size for the study.

### Sampling techniques

The study employed a simple random sampling technique (probabilistic sampling) whereby all members of the sample had an equal chance of being selected.

### Instrument for data collection

In the study two sources of primary data collection were used: questionnaire and interview.

*Questionnaire as a Primary Source of data collection:* This was done by using well-structured questionnaires in a five point Likert scale responds format with extremes ranging from strongly agree to strongly disagree. This raised important questions necessary for the ascertainment of fact required for the study.

*Data Collection through Interview:* The researcher deemed it necessary to augment interview with the questionnaire in order to capture other questions not captured in the questionnaire. Also, areas that need clarifications in the questionnaire were easily made during the interview.

The interview questions were open-ended to allow the interviewees the opportunity to express their opinion freely without following the researcher

opinions. As pointed out earlier, the interview method for data collection complements the questionnaire method. The interviewees were randomly selected to reflect staff composition with majority from higher level positions and others from lower level. The objective is to conduct the interviews with staff that are in position to contribute to my knowledge of the organization in term of effect of internal control on the performance of the organization under research.

### **Reliability of research instruments**

To establish reliability of the study, Cronbach's coefficient alpha was used to test reliability or to access the quality of the measurement. An acceptance level of 0.700 of Cronbach's alpha was used to test for internal consistency for the study constructs.

The formula for Cronbach's alpha is:

$$\alpha = \frac{N \cdot \bar{c}}{\bar{v} + (N - 1) \cdot \bar{c}}$$

Where:

$N$  = the number of items.

$\bar{c}$  = average covariance between item-pairs.

$\bar{v}$  = average variance.

Table 2  
Reliability statistics

Cronbach's Alpha	N of Items
.967	6

Table 2 revealed that the alpha value is higher than the criterion value for Cronbach test of reliability. Thus, the research instrument displayed a strong reliability.

### **Analytical tools**

Data for the study were collected, analyzed and presented using descriptive statistics as well as inferential statistical tools. Descriptive statistics in form of percentages, frequencies and means were employed to provide information on demographic variables and responses to questionnaire items; correlation coefficient was used in establishing relationship between the variables, while multiple regression analysis was used to test the five research hypotheses formulated in the study. The Statistical Package for Social Science (SPSS) software version 21 for windows aided in data analysis.

### **Result and Discussion**

#### **Data presentation**

259 questionnaire were administered to the respondents who are staff members of Airtel, MTN and 9Mobile, and of this 33.8% was retrieved from Airtel, 38.4%

was retrieved from MTN, while 27.8% was retrieved from 9mobile. However, 93% of the 259 copies of the questionnaire were correctly filled and used for the study analyses.

Table 3  
Bio-data of respondents

S/N	Question	Response	Respondents	Percentage
1.	Gender	Male	77	32
		Female	164	68
2.	Age	Below 30	20	8.3
		30-35 yrs	121	50.2
		36-40 yrs	80	33.2
		41- 45 yrs	20	8.3
		Above 45 yrs	0	0
3.	Marital status	Single	142	58.9
		Married	99	41.1
4.	Educational level	OND/NCE	67	27.8
		B.Sc./HND	120	49.8
		M.Sc./MBA	37	15.4
		PhD	17	7.1
5.	Religion	Christianity	221	91.7
		Muslim	20	8.3
		Others	0	0
6.	Work position			
7.	Years on the Job	Below 3years	21	8.7
		3-5years	126	52.3
		6-8years	63	26.1
		Above 9years	31	12.9

Source: Field survey (2021)

Table 3 captures responses of respondent's profile. Results revealed that majority of the respondents are female which accounts for 68% of total respondents, while male were in minority, as they account for 32% of total respondents. The result imply that employees in the telecommunications industry comprise more of the female gender.

Findings showed that half of the respondents (50.2%) were in the age bracket of 30-35years, while 33.2% of the respondents were in the age bracket of 36-40years, and the rest were in minority. The result implies that employees in the telecommunication industry are in their youthful age, and can be open for innovation (Owczarczuk, 2010; Amin et al., 2019).

As for marital status, result showed that more than half of the respondents (58.9%) are single while 41.1% are married. Result also revealed that slightly close to half of the respondents (49.8%) are B.Sc./HND while 27.8% are OND/NCE holders, and 15.4% are M.Sc./MBA degree holders, while 7.1% are PhD degree holders respectively. This indicates that employees in the telecommunications industry are educated and can easily adopt innovations. Result showed that a significant number of the respondents (91.7%) are Christians while minorities (8.3%) are Muslims.

Result also showed that more than half of the respondents (52.3%) had been on the job for 3-5years, 26.1% had been on the job for 6-8years, 12.9% had been on the job above 9years while 8.7% had been on the job below 3 years respectively. This can also be said to mean that turnover rate is low in the telecommunications industry.

### **Research question one**

To what extent does organization's internal control environment affect organizational performance in the telecommunications industry?

Table 4  
Showing control environment

S/N	Organization's Internal Control Environment	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
8.	Organization positive control environment such as integrity and morale.	0 (0%)	2 (0.8%)	9 (3.7%)	25 (10.4%)	205 (85.1%)	4.80
9.	Degree of organization control (such as authentication, assurance, verifications, and performance review).	0 (0%)	2 (0.8%)	3 (1.2%)	89 (36.9%)	147 (61%)	4.58
10.	My organization makes efforts to attract, develop, and retain trusted and efficient employees.	2 (38%)	0 (0%)	38 (15.8%)	51 (21.2%)	150 (62.2%)	4.44
11.	Organization has effective human resource tools to evaluate the level of productivity & effectiveness.	0 (0%)	0 (0%)	20 (8.3%)	79 (32.8%)	142 (58.9%)	4.51
Mean of means							4.59

Source: Field survey (2020)

Table 3 above captures responses on effect of organization's internal control environment on organizational performance. The mean of means (4.59) suggest a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are very high for organization's internal control environment on organizational performance.

**Research question two**

How does risk assessment affect organizational performance in the telecommunications industry?

Table 5  
Showing risk assessment

S/N	Control Environment	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
12.	My organization identifies risks that affect achievement of objectives in a timely manner	0 (0%)	0 (0%)	5 (2.1%)	22 (9.1%)	214 (88.8%)	4.87
13.	My organization has in place mechanisms of mitigating critical risks that may arise during the course of doing business	0 (0%)	3 (1.2%)	3 (1.2%)	70 (29%)	165 (68.5%)	4.65
14.	Management has defined appropriate objectives for the organization	2 (0.8%)	0 (0%)	25 (10.4%)	44 (18.3%)	170 (70.5%)	4.58
15.	Management has a criteria for ascertainment of which fraud-related risks to the organization are most critical	1 (0.4%)	0 (0%)	18 (7.5%)	60 (24.9%)	162 (67.2%)	4.59
Mean of means							4.67

Source: Field survey (2021)

Table 5 captures responses on effect of risk assessment on organizational performance of telecommunications industry. The mean of means (4.67) suggest a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are high for risk assessment on organizational performance.

### Research question three

To what extent does control activities affect organizational performance in the telecommunications industry?

Table 6  
Showing Control Activities Question from number 16-19

S/N	Control Activities	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
16.	In my organization corrective action is taken to address weakness	0 (0%)	2 (0.8%)	8 (3.3%)	23 (9.5%)	208 (86.3%)	4.81
17.	It is impossible for one staff to have access to all valuable information without consent from the senior staff	0 (0%)	1 (0.4%)	3 (1.2%)	73 (30.3%)	164 (68%)	4.66
18.	Controls are in place to check on incurring expenditure in excess of allocated funds	2 (0.8%)	0 (0%)	24 (10%)	44 (18.3%)	171 (71%)	4.59
19.	Departments undertake budget reviews and variance from budgeted expenditure are explained	1 (0.4%)	1 (0.4%)	19 (7.9%)	64 (26.6%)	156 (64.7%)	4.55
Mean of means							4.65

Source: Field survey (2021)

Table 6 captures responses of respondents on effect of control activities on organizational performance. The mean of means (4.65) suggests a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are very high in control activities for organizational performance.

### Research question four

What impact does information and communication have on organizational performance in the telecommunications industry?

Table 7  
Showing information and communication question from number 20-23

S/N	Information and Communication	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
20.	Sufficient information is identified and communicated in a timely	0 (0%)	0 (0%)	4 (1.7%)	24 (10%)	213 (88.4%)	4.87

	manner to enable people perform their responsibilities					
21.	My organization communicates with external parties in respect of factors that might affect the internal control function	0 (0%)	3 (1.2%)	2 (0.8%)	79 (32.8%)	157 (65.1%) 4.62
22.	There are good communication channels between the staff and their departments that enable them to perform their tasks soundly and correctly	0 (0%)	0 (0%)	20 (8.3%)	54 (22.4%)	167 (69.3%) 4.61
23.	In my organization information are recorded and reported to all stakeholders on time and appropriate bases to perform the internal control responsibilities and other duties	0 (0%)	0 (0%)	8 (3.3%)	66 (27.4%)	167 (69.3%) 4.66
	Mean of means					4.69

Source: Field survey (2020)

Table 7 captures responses of respondents on impact of information and communication on organizational performance. The mean of means (4.69) suggest a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are very high in information and communication for organizational performance.

### Research Question Five

How does monitoring affect organizational performance of telecommunications industry?

Table 8  
Showing monitoring question from number 24-27

S/N	Monitoring	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
24.	In my organization received complaints are studied to find out its causes to take the appropriate actions	2 (0.8%)	0 (0%)	38 (15.8%)	51 (21.2%)	150 (62.2%)	4.44

---

25.	My organization has internal auditors who follows up the internal control and rises reports about the application of it to the management	0 (0%)	0 (0%)	20 (8.3%)	79 (32.8%)	142 (58.9%)	4.51
26.	In my organization there are independent processes, checks and evaluation of control activities on an ongoing basis	0 (0%)	0 (0%)	5 (2.1%)	22 (9.1%)	214 (88.8%)	4.87
27.	Internal reviews of implementation of internal controls in units are conducted periodically	0 (0%)	3 (1.2%)	3 (1.2%)	70 (29%)	165 (68.5%)	4.65
Mean of means							4.62

---

Source: Field survey (2021)

Table 8 captures responses of respondents on effect of monitoring on organizational performance. The mean of means (4.62) suggest a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are very high in monitoring for organizational performance.

### Organizational performance

Table 9  
Showing organizational performance question from number 28-31

S/N	Organizational Performance	SD 1	D 2	U 3	A 4	SA 5	$\bar{x}$
28.	Organization's internal control environment is a positive catalyst to organizational performance	0 (0%)	2 (0.8%)	8 (3.3%)	23 (9.5%)	208 (86.3%)	4.81
29.	Risk assessment ensures the achievement of established objectives at every level in the organization	0 (0%)	3 (1.2%)	3 (1.2%)	85 (35.3%)	150 (62.2%)	4.59

---

30.	Good information and communication system enhances organizational performance	2 (0.8%)	0 (0%)	34 (14.1%)	47 (19.5%)	158 (65.6%)	4.49
31.	Monitoring has been employed as a tool to continually make sure organizational objectives are achieved	1 (0.4%)	0 (0%)	19 (7.9%)	74 (30.7%)	147 (61%)	4.52
Mean of means							4.60

Source: Field survey (2021)

Table 9 shows responses of respondents on organizational performance. Result revealed that a substantial number of respondents indicated agreements that organization's internal control environment is a positive catalyst to organizational performance.

The mean of means (4.60) suggest a conclusive judgment that the respondents (employees in the telecommunications industry in South South and South East Nigeria) are very high in organizational performance. The results are shown in the tables below.

Table 10  
Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.977 <sup>a</sup>	.955	.954	.3486	2.234

a. Predictors: (Constant), MON, CACT, IC, RA, CE

b. Dependent Variable: OP

Source: Field Survey (2021)

Generally, the model summary table of the research questions 1-5 is as given in Table 10. It reveals the extent to which control environment, risk assessment, control activities, information and communication and monitoring accounted for change in organizational performance as seen by the adjusted R square, which shows that 95.4%(0.954) of change in organizational performance is brought about by the joint predictive power of control environment, risk assessment, control activities, information and communication and monitoring.

Table 11  
Multiple Regression Coefficients

Model	Coefficients <sup>a</sup>				
	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
1	(Constant)	-.708	.339	-2.087	.038
	CE	.862	.050		

RA	.252	.037	.242	6.837	.000
CACT	.096	.030	.092	3.240	.001
IC	.138	.031	.115	4.422	.000
MON	.312	.064	.307	4.911	.000

a. Dependent Variable: OP

Source: SPSS version 21 output of field survey data, 2021

Result in Table 11 showed that the five components of internal control exerted a significant effect on organizational performance. The relative importance of the significant predictors was determined by the size of standard beta coefficient. Beta weight is useful because it uses a unit measurement that is same for all variables (Tabachnick & Fidel, 2012). Thus, organization's internal control environment ( $\beta = 0.890$ ,  $p = 0.000$ ) is the most important predictor of organizational performance.

### Test of hypotheses

The five hypotheses formulated in the study are tested below using the results obtained from the regression analysis (Statistical Package for Social Sciences). The hypotheses were tested using the decision rule as stated below:

Decision Rule: Reject null hypothesis ( $H_0$ ) if  $p$ -value is less than 0.05 (5%) and if not, do not reject the null hypothesis. This result is seen below:

HO<sub>1</sub>: Organization's internal control environment has no significant effect on organizational performance in the telecommunications industry  
 From Table 4.9, the sig. value is 0.000. This value is less than the set value of 0.05 used as level of significance. Thus, the study rejected the null hypothesis ( $H_0$ )

HO<sub>2</sub>: Risk assessment has no significant effect on organizational performance in the telecommunications industry  
 From Table 4.9, the sig. value is 0.000. This value is less than the set value of 0.05 used as level of significance. Thus, the study rejected the null hypothesis ( $H_0$ )

HO<sub>3</sub>: Control activities have no significant effect on organizational performance in the telecommunications industry  
 From Table 4.9, the sig. value is 0.001. This value is less than the set value of 0.05 used as level of significance. Thus, the study rejected the null hypothesis ( $H_0$ )

HO<sub>4</sub>: Information and communication has no significant effect on organizational performance in the telecommunications industry  
 From Table 4.9, the sig. value is 0.000. This value is less than the set value of 0.05 used as level of significance. Thus, the study rejected the null hypothesis ( $H_0$ )

HO<sub>5</sub>: Monitoring has no significant effect on organizational performance in the telecommunications industry  
 From Table 4.9, the sig. value is 0.000. This value is less than the set value of 0.05 used as level of significance. Thus, the study rejected the null hypothesis ( $H_0$ )

## **Discussion of Findings**

The findings of this study are hereby discussed and supported with relevant literatures thus;

### **Organization's internal control environment and organizational performance**

The significance value for organization's internal control environment is 0.000 from the coefficient table (Table 10). When compared with the study level of significance (0.05), organization's internal control environment has a significant and positive effect on organizational performance. The finding of this study is in line with [Oppong et al. \(2016\)](#), that the organization's internal control environment sets the tone of an institution and influences the control consciousness of its people.

### **Risk assessment and organizational performance**

The significance value for risk assessment is 0.000 from the coefficient table (Table 10). When compared with the study level of significance (0.05), risk assessment has a significant and positive effect on organizational performance. This is in line with the finding of [Njeri \(2017\)](#), that risk assessment helps identify and mitigate risks before they happen which ensures smooth operation of business hence improving performance. The finding is also in accordance with [Ayyash \(2017\)](#), that found a significant and positive relationship between risk assessment and the financial performance of organization.

### **Control activities and organizational performance**

The significance value for control activities is 0.001 from the coefficient table (Table 4.9). When compared with the study level of significance (0.05), control activities have a significant and positive effect on organizational performance. This is in accordance with [COSO \(2013\)](#), that control activities help ensure that necessary actions are taken to address the risks that may hinder the achievement of organizational objectives. The finding also aligns with [Njeri \(2017\)](#), that control activities improve organizational profitability.

### **Information and communication and organizational performance**

The significance value for information and communication is 0.000 from the coefficient table (Table 10). When compared with the study level of significance (0.05), information and communication has a significant and positive effect on organizational performance. In accordance with this finding is the finding of [Badara \(2013\)](#), that information and communication plays a significant role in internal control systems as they produce reports, including operational, financial and compliance-related information that makes it possible to run and control the business. The finding is also in accordance with [Njeri \(2017\)](#), that found information and communication to exert a significant and positive effect of organizational financial performance.

## **Monitoring and organizational performance**

The significance value for monitoring is 0.000 from the coefficient table (Table 4.9). When compared with the study level of significance (0.05), monitoring has a significant and positive effect on organizational performance. This is in line with [Hayali et al. \(2012\)](#), that constant monitoring of the internal control system and discovery of deviations is significant in achieving organizational objectives. The finding also aligns with [Umar & Dikko \(2018\)](#), which proved that performance increase where there is effective monitoring in the organization.

## **Summary, Conclusion and Recommendations**

### **Summary of findings**

The focus of the study is on internal control and organizational performance in telecommunications industry in South South and South East Nigeria. The study was guided by five (5) focal objectives, research questions and hypotheses.

The study showed that the five null hypotheses were rejected as p-value  $0.000 < 0.05$  while the five alternative hypotheses were accepted. The following are some of the findings from the study:

- The study found out that organization's internal control environment has significant effect on organizational performance ( $p=0.000 < 0.05$ ,  $\beta=0.890$ ).
- The study found out that risk assessment has significant effect on organizational performance ( $p=0.000 < 0.05$ ,  $\beta=0.242$ ).
- The study found out that control activities has significant effect on organizational performance ( $p=0.001 < 0.05$ ,  $\beta=0.092$ ).
- The study found out that information and communication has significant impact on organizational performance ( $p=0.000 < 0.05$ ,  $\beta=0.115$ ).
- The study found out that monitoring has significant effect on organizational performance ( $p=0.000 < 0.05$ ,  $\beta=0.307$ ).

### **Conclusion**

Based on the findings, the study affirmed that internal control has a positive and significant effect on organizational performance of telecommunications industry in South South and South East Nigeria. Thus, telecommunications industries that invested more on effective internal control systems are most likely to experience an improved overall performance as compared to those telecoms industries that had a weak internal control system. The study further makes the following conclusions.

The study affirms that telecommunications industry in South South and South East Nigeria has positive organization's internal control environment such as integrity and morale that management and employees safeguard to support administrative control and awareness ([Guijarro et al., 2008; van Walraven & Austin, 2012](#)). They also makes efforts to attract, develop, and retain the trusted and efficient employees which contribute in achieving the internal control objective, and they have internal control tools on human resources to evaluate the level of productivity, effectiveness and efficiency of its human resources.

The study submits that telecommunications industry in South South and South East Nigeria identifies risks that affect achievement of objectives in a timely manner, and they have in place mechanisms of mitigating critical risks that may arise during the course of doing business, and they also have criteria for ascertainment of risks that are most critical to the organization. The study also infer that telecommunications industry in South South and South East Nigeria put controls in place to check on incurring expenditure in excess of allocated funds, and they take corrective actions in addressing weakness. The study also deduced that it is impossible for a staff to have access to all valuable information without consent from the senior staff.

The study affirms that telecommunications industry in South South and South East Nigeria identifies and communicate sufficient information in a timely manner to enable people perform their responsibilities. Also, they communicate with external parties in respect of factors that might affect the internal control function.

The study submits that telecommunications industry in South South and South East Nigeria has internal auditors who follow up the internal control and rises reports about the application of it to the management. Also complaints received are studied to find out its causes, and to take the appropriate actions.

### **Recommendations**

Based on the study findings, and conclusions reached, the following recommendations are made:

- Organization's internal control environment showed a significant effect on organizational performance of telecommunications industry in South South and South East Nigeria. Management of firms in the telecommunication industries are recommended to further study the control environment on possible aspects they might have paid little attention to which might have impacted performance. Also, trusted and efficient employees that contribute in achieving the internal control objectives should be given room to share their ideas and expertise to other members in the organization in other to further improve the effect of control environment on performance.
- The study found that risk assessment have a significant effect on organizational performance of telecommunications industry in South South and South East Nigeria. The organizations are further encouraged to maintain their strategy implementation on risk assessment in other to have a sustained overall performance.
- The study found that control activities have a significant effect on organizational performance of telecommunications industry in South South and South East Nigeria. Thus the management should develop additional control activities to sustain and boost the achievement of internal control.
- Information and communication showed a significant impact on organizational performance of telecommunications industry in South South and South East Nigeria. The management of the telecoms industries could also create platforms where anonymous interactions can be made between

management and employees, and other stake holders on matters that affect both the employees and the organization at large.

- 5. Monitoring had a significant effect on organizational performance of telecommunications industry in South South and South East Nigeria. Managements are also encouraged to keep up with the constant review on policies guiding the organizations' dealing with threats to operations. They should also be more alert, and get auditors and employed constantly updated to current trends of control measures.

## References

Abernethy, M. A., & Lillis, A. M. (1995). The impact of manufacturing flexibility on management control system design. *Accounting, Organizations and Society*, 20(4), 241-258. [https://doi.org/10.1016/0361-3682\(94\)E0014-L](https://doi.org/10.1016/0361-3682(94)E0014-L)

Adebanjo, D., Ojadi, F., Laosirihongthong, T., & Tickle, M. (2013). A case study of supplier selection in developing economies: a perspective on institutional theory and corporate social responsibility. *Supply Chain Management: An International Journal*.

Adinkrah, M., & Adinkrah, H. A. (2021). Focalizing Chinua Achebe's no longer at ease: mitigating and aggravating factors in Obi Okonkwo's corruption scandal. *International Journal of Linguistics, Literature and Culture*, 7(5), 371-380. <https://doi.org/10.21744/ijllc.v7n5.1011>

Amin, A., Al-Obeidat, F., Shah, B., Adnan, A., Loo, J., & Anwar, S. (2019). Customer churn prediction in telecommunication industry using data certainty. *Journal of Business Research*, 94, 290-301. <https://doi.org/10.1016/j.jbusres.2018.03.003>

Anantadjaya, S. P., Nawangwulan, I. M., Irhamsyah, M., & Carmelita, P. W. (2021). Supply chain management, inventory management & financial performance: evidence from manufacturing firms. *Linguistics and Culture Review*, 5(S1), 781-794. <https://doi.org/10.21744/lingcure.v5nS1.1463>

Ayyash, M. Y. (2017). The impact of internal control requirements on profitability of Palestinian shareholding companies Palestinian Banking Sector.

Badara, M. (2013). Impact of the effective internal control system on the internal audit effectiveness at local government level. *Journal of Social and Development Sciences*, 4(1), 16-23.

Bernard, A. B., & Jensen, J. B. (1999). Exceptional exporter performance: cause, effect, or both?. *Journal of international economics*, 47(1), 1-25. [https://doi.org/10.1016/S0022-1996\(98\)00027-0](https://doi.org/10.1016/S0022-1996(98)00027-0)

Bongani, N. (2013). Application of internal controls in NGOs: Evidence from Zimbabwe. *Journal of Finance and Accounting*, 1(2), 39-47.

Chinaemerem, O. C., & Anthony, O. (2012). Impact of capital structure on the financial performance of Nigerian firms. *Oman Chapter of Arabian Journal of Business and Management Review*, 34(969), 1-19.

Committee of Sponsoring Organisations (COSO) framework, (2013). Internal Control — Integrated Framework: Internal Control over Financial Reporting: A Compendium of Approaches and Examples (Exposure draft).

Davis, S., & Albright, T. (2004). An investigation of the effect of balanced scorecard implementation on financial performance. *Management accounting research*, 15(2), 135-153. <https://doi.org/10.1016/j.mar.2003.11.001>

Ehiedu, V. C., Odita, A. O., & Kifordu, A. A. (2020). Financial Integration and Growth Volatility Nexus: The Nigeria Experience. *Webology*, 17(2).

Fadzil, F. H., Haron, H., & Jantan, M. (2005). Internal auditing practices and internal control system. *Managerial Auditing Journal*.

Frazer, L. (2012). The effect of internal control on the operating activities of small restaurants. *Journal of Business & Economics Research (JBER)*, 10(6), 361-374.

Gamage, C. T., Lock, K. L., & Fernando, A. A. J. (2014). A proposed research framework: Effectiveness of internal control system in state commercial banks in Sri Lanka. *International Journal of scientific research and innovative technology*, 1(5), 25-44.

Guizarro, R., Montes, J., Sanromán, C., Monreal, M., & RIETE investigators. (2008). Venous thromboembolism in Spain. Comparison between an administrative database and the RIETE registry. *European journal of internal medicine*, 19(6), 443-446. <https://doi.org/10.1016/j.ejim.2007.06.026>

Hayali, A., Dinç, Y., Sarılı, S., Dizman, A. S., & Gündoğdu, A. (2012). Importance of internal control system in banking sector: Evidence from Turkey. In *Conference Proceedings of the Finance and Economics Conference*.

Houndjo, T. (2018). The fulfillment of the biblical statement “vanity of vanities! all is vanity” through the portrayal of two characters in Armah’s the beautiful ones are not yet born. *International Journal of Linguistics, Literature and Culture*, 4(6), 28-41. <https://doi.org/10.21744/ijllc.v4n6.339>

Jacob, E.O. and Philip, A.O. (2016). *Journal of Business and Management*, 18(10), 80-85.

James, U. M., Godwin, E.I., Ojo, V. O. (2014). Internal Controls And Operating Performance Of Small Businesses In Lagos Metropolis. *Accountability & Sustainable Business Development in Emerging Economies*.

Kirsch, L. J. (2002). Developing Common System Globally: The Dynamics of Control Infrastructure. *Information Systems Research*, (15), 154-167.

Kustina, K.T., Dewi, G.A.A.O., Prena, G.D., Suryasa, W. (2019). Branchless banking, third-party funds, and profitability evidence reference to banking sector in indonesia. *Journal of Advanced Research in Dynamical and Control Systems*, 11(2), 290-299.

Mahoney, L., & Roberts, R. W. (2007). Corporate social performance, financial performance and institutional ownership in Canadian firms. In *Accounting forum* (Vol. 31, No. 3, pp. 233-253). No longer published by Elsevier. <https://doi.org/10.1016/j.accfor.2007.05.001>

Malhotra, P., & Singh, B. (2007). Determinants of internet banking adoption by banks in India. *Internet Research*.

Mirchandani, P., & Head, L. (2001). A real-time traffic signal control system: architecture, algorithms, and analysis. *Transportation Research Part C: Emerging Technologies*, 9(6), 415-432. [https://doi.org/10.1016/S0968-090X\(00\)00047-4](https://doi.org/10.1016/S0968-090X(00)00047-4)

Mirinaviciene, S. (2014). Internal control and fraud prevention: Prior research analysis. *Science and studies of accounting and finance: problems and perspectives*, 2014, vol. 9, no. 1, p. 173-179.

Monday, J. U., Inneh, G. E., & Ojo, V. O. (2014). Internal controls and operating performance of small businesses in Lagos Metropolis. In *International Conference on Accounting, Finance and Management, March* (pp. 237-256).

Muriuki, M. N. (2017). *Effects Of Internal Controls On The Performance Of Multinational Financial Services Companies In Kenya* (Doctoral dissertation, University of Nairobi).

Mwangi, G. N. (2012). *The effect of credit risk management on the financial performance of commercial banks in Kenya* (Doctoral dissertation).

Odita, A. O., & Bello, A. (2015). Strategic Intent and Organizational Performance A Study of Banks in Asaba, Delta State Nigeria. In *Information and Knowledge Management* (Vol. 5, No. 4, pp. 60-71).

Odita, A.O. (2021). Organizational Culture and Implications on Workers' Commitment: An Applied Study of Breweries in Nigeria, *Nigerian Journal of Management, Faculty of Mgmt. Sciences, Rivers State University*, 22(2), 84-105.

Oghomeh, T. & Odita A.O (2013). Entrepreneur's Nightmare – Corporate Failure: Consequences and Probable Solutions, *Research Journal of Finance and Accounting, International Institute of Science, Technology and Education, IISTE*, 4(19), 45-52.

Oppong, M., Owiredu, A., Abedana, V., & Asante, E. (2016). The impact of internal control on the performance of faith-based NGOs in Accra. Available at SSRN 2803451.

Owczarczuk, M. (2010). Churn models for prepaid customers in the cellular telecommunication industry using large data marts. *Expert Systems with Applications*, 37(6), 4710-4712. <https://doi.org/10.1016/j.eswa.2009.11.083>

Saeidi, P., Shokoohi, M., Malekmahmoudi, S. K. (2015). Investigating the relation between internal control system and financial performance of telecommunication company of Golestan province, *Multidisciplinary International Peer Reviewed Journal*, 3(2), 206-211,

Singleton, T. W, Bologna, G. J, Lindquist, R. J., & Singleton, A. J. (2016). *Fraud auditing and forensic accounting* (Third Edition). New Jersey: John Wiley & Sons, Inc.

Tabachnick, B. G., & Fidell, L. S. (2014). Using multivariate statistics . Harlow. Essex: Pearson Education Limited.

Umar, H., & Dikko, M. U. (2018). The effect of internal control on performance of commercial banks in Nigeria. *International Journal of Management Research*, 8(6), 13-32.

van Walraven, C., & Austin, P. (2012). Administrative database research has unique characteristics that can risk biased results. *Journal of clinical epidemiology*, 65(2), 126-131. <https://doi.org/10.1016/j.jclinepi.2011.08.002>

Zahra, S. A., & Garvis, D. M. (2000). International corporate entrepreneurship and firm performance: The moderating effect of international environmental hostility. *Journal of business venturing*, 15(5-6), 469-492. [https://doi.org/10.1016/S0883-9026\(99\)00036-1](https://doi.org/10.1016/S0883-9026(99)00036-1)

Zainudin, B., Sutawidjaya, A. H., Saluy, A. B., Djamil, M., & Endri, E. (2021). The effect of compensation, leadership, and supervision on performance of government civil servants: Mediating role of adversity quotient. *Linguistics and Culture Review*, 5(1), 453-469. <https://doi.org/10.21744/lingcure.v5n1.1988>