



INTERNAL CONTROL MECHANISMS TO ENHANCE OPERATIONAL EFFICIENCY AND EFFECTIVENESS OF REGISTERED DRIVING SCHOOLS IN HARARE

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KeyWords

COSO, Detective mechanisms, Driving School, Efficiency, Effectiveness, Internal control, Preventive mechanisms.

Abstract

The primary objective of the study was to identify key internal control mechanisms that can enhance operational efficiency and effectiveness of driving schools in Harare, Zimbabwe. The study was mixed methods which was chiefly quantitative. 140 self-administered questionnaires were distributed to registered driving schools in Harare CBD, out of which 76 were completed and returned, data was analyzed using SPSS. Simple random sampling was used to determine the sample size of 140 from a population of 218 registered driving schools. Six face-to-face interviews with owner/managers were also conducted. Results of the study show that guidelines on asset use, organizational chart, payments' authorizations, verifications by owner/manager, bank reconciliations, accounts receivables and payables reconciliations, budget preparation, variance analysis, analysis of reports by owner/ manager, procedures to reprimand employees and control environment should be effected in order for driving schools to enhance their operational efficiency and effectiveness. The study recommends that driving school operators should ensure there is segregation of duties over the cash cycle, payments should be authorized and there has to be back up of data, these mechanisms were found to have positive correlation to operational efficiency and effectiveness, however many driving schools do not apply them in their operations. It is suggested that future researchers test the applicability and desirability of these identified internal control mechanisms on registered driving schools in Zimbabwe or elsewhere.

Introduction

Every business endeavor involves taking risks, and risk can be upside or downside with the latter being the most worrisome which

needs attention by business managers. Internal controls are one mechanism used for managing risks in an organization (Mwazo, et al., 2017), therefore internal controls are an important aspect worth studying by both scholars and industry leaders because risks affect businesses of all nature and size. Most researchers take interest in undertaking surveys and case studies on internal control issues of well established and large corporates as witnessed in extant literature and neglecting small businesses let alone informal ones. This paper however, focuses on a sector of informal business that seem to be ignored by many researchers, and the primary objective is identifying internal control procedures that enhance operational efficiency and effectiveness of registered driving schools.

On a global level Deakin & Konzelmann (2004) concludes that failure of Enron was primarily a result of inadequate internal controls and an underestimation of risks that were inherent in their business plan and business model. If a well established corporation like Enron which had Arthur Andersen as its external auditors (Arthur Andersen was the leading audit firm of its time) could collapse instantly and disappear from existence, one can imagine the extent of devastation small firms can suffer if they operate with inadequate internal controls or without a documented internal control system at all. This research therefore looks at the impact of internal controls on the operational efficiency and effectiveness of driving schools in Harare, Zimbabwe. Deakin & Konzelmann (2004) highlights the limitations of the monitoring role of the board of directors and hence advocates for strong internal controls to supplement the monitoring role of the board. It is arguments like these that motivated this study in that even though a driving school might be a small institution and the owner thinks he can play an oversight role there is actually so much he can do in that regard and therefore need an internal control system in place to complement his oversight role. Rockness & Rockness (2005) notes that in the USA the Securities Exchange Commission (SEC), Foreign Practices Act and The Federal Deposit Insurance Corporation Improvement Act requires management of corporations to provide an attestation of their internal controls in their financial reports. This series of regulations in corporate America requiring design and implementation of internal controls is clear evidence of how a study on internal controls is worth pursuing as its benefits are tremendous in enhancing operational efficiency and effectiveness as well as combating effects of fraud.

Lee (1971) provides a chronology of internal controls to as far back as the Mesopotamian civilisation around 3600 to 3200 B.C until the seventeenth century and this shows that internal controls have been in existence since time immemorial. In his exploratory study Lee observes that the internal controls then were limited to the accounting and auditing function providing a system of checks and balances as well as record keeping. A fascinating thing to note is that even though there were no computers and sophisticated technology during that period documented by Lee (1971), his account of events and activities reveals that government departments and those involved in trade and commerce at least had some form of checks and balances in their operations to deter fraud and ensure operational efficiency. This therefore raises the question that if in the Mesopotamian era the business people could strive to at least ensure that there are some controls in place why can we not pursue the same now? Fast forward to the 21st century, an era of technology and sophisticated people, the level and complexity of fraud perpetrated requires complex and holistic internal control systems to be put in place in organisations to deter fraud and ensure operational efficiency and effectiveness is enhanced. Different organisations around the world such as the American Institute of Certified Public Accountants (AICPA), SOX and Committee of Sponsoring Organizations of the Treadway Commission (COSO) are currently taking a lead in studying internal controls and designing frameworks. The current internal control framework which is arguably considered the paragon is the COSO Internal control framework and this study adopted the COSO definition of internal controls as well as its components.

It is arguably difficult to provide a static definition of informality and informal sector because of the various conceptual insinuations by scholars (Breman, 2020; Kamete, 2007). However Shinder (1998) defines an informal economy as those economic activities which are not included in the country's data on gross domestic product (GDP) and not subject to formal contracts, licensing and taxation. Utaumire, et al (2013) on the part of taxation also reiterates that presumptive tax which was introduced in Zimbabwe in the year 2005 includes driving schools as informal business. Therefore this gives a basis in this paper to classify driving schools as informal businesses.

The Zimbabwean economy is largely characterized by the informal sector which operates without sufficient or adequate registration documents and a proper information management system. Sometimes an informal trader may choose to formalize their operations by registering a company or private business corporation and move higher up to become a small to medium enterprise (SME). However, even if registered at times they can still continue operating in the "informal mode" for example they may operate without a documented accounting information system, without operating manuals, without a documented internal control system. Because of this it may be difficult for these businesses to: make efficient and effective use of resources, and monitor and control their performance.

Zim Eye (2021) reported a case of an undocumented driving school student who had been conducting motor cycle driving lessons

and fled with the driving school motorcycle. The driving school instructor was left in a shock as he had not captured the details of the student probably because there is no proper information management system or because the instructor had chosen to ignore procedure. This is one example why it is important to have a water tight internal control system despite the nature or size of the business and ensure adherence to the internal control procedures. It is against this background that the researcher was motivated to undertake a study of the implications of different internal control mechanisms on the operational efficiency and effectiveness of registered driving schools in Harare and in the end identify internal control mechanisms suitable for driving schools. Therefore the objectives of this research are four-fold: Investigate and identify key internal control mechanisms that might have an effect on operational efficiency and effectiveness in business operations, Examine internal control practices currently in use by registered driving schools in Harare, Identify the relationship between internal controls and, operational efficiency and effectiveness of driving schools in Harare and Determine internal control practices that can enhance operational efficiency and effectiveness of registered driving schools in Harare

Literature Review

An internal control is a process designed and effected by the board, management and other personnel so as to provide assurance regarding achievement of organizational objectives relating to operations, reporting and compliance (COSO, 2013). The bottom-line in this definition is that an internal control system is a process and not an event, therefore its an ongoing process that needs to be monitored and evaluated to determine if it's meeting the intended objectives because as the business environment evolve so are business risks which may require an upgrade of the internal controls so as to make it effective. An internal control system is one of the major elements needed in managing an organization because by its nature an internal control system comprises of plans, methods and procedures to ensure an organization meets its mission, goals and objectives including supporting performance-based management (Philee & Jamshedy-Navid, 2010). If a driving school has a well-designed internal control system it stands to benefit a lot since in most cases some driving schools because of their informal nature do not have a well setup management system, therefore an internal control system if put in place can enable the business to be operated in the same way as formal business organizations and enhance operational efficiency and effectiveness in the end. Philee & Jamshedy-Navid (2010) clearly articulate that management control systems enable managers to achieve desired organisational goals through effective stewardship of resources. However, designing and establishing an effective internal control system is not a simple task especially for small and informal businesses such as driving schools which at times may not have qualified personnel like internal auditors and internal control experts to assist them design one.

In his paper, Long (2009) concurs with Philee & Jamshedy-Navid (2010) and argues that even though small businesses are not required by regulation to have adequate internal controls, they should make an effort to have internal controls in place so as to protect their assets and reduce the risk and impact of fraud. This assertion by (Long, 2009; Philee & Jamshedy-Navid, 2010) reveals that an internal control system to a certain extent acts as insurance on the business as a whole and therefore it is imperative that all businesses in their different sizes, form and nature should have adequate internal controls in place to ensure organisational resources are safeguarded. Weber (2008) concurs with both (Long, 2009; Philee & Jamshedy-Navid, 2010) when he opined that good internal controls are indispensable nomatter how small the business enterprise might seem to be as internal controls provide a basis for fraud prevention, accurate financial reports and safeguards against misappropriation of company resources. Doyle (2007) brings in some fresh insights in his discussion on the importance of internal controls, first he discusses about the fact that, because of the prevalence of technology organisations should ensure that internal controls should be effected in accounting softwares so as to ensure the integrity of financial reports, secondly he asserts that in order for an internal control system to properly function and achieve objectives for which it was set then people and power should not be ignored in the equation. Even though most researchers tend to ignore or not discuss about people and power (who represents the control environment in the COSO internal control framework), this element is so crucial as it can be the deciding factor on whether the internal controls put in place can be effective or not (Swami & Sankoloba, 2014). This research included the control environment as one of its moderating variables because of its pervasive nature as shown in the conceptual framework.

Many small businesses have limited resources, it is therefore the duty of the owner to be active and vigilant in order to protect those resources. Campbell & Hartcher (2003) emphasises that owners of small businesses should take the issue of internal controls seriously because in most instances all fraud starts with the owner, this happens because of being too trustful to the few employees in the organisation. In large organisations the owners may not be directly involved in the day to day running of the business but they may have both internal and external auditors to do the checks and balances, this however cannot be the case with small businesses such as driving schools because at times they may not have the resources to hire internal and external auditors hence they should at least rely on the internal controls. The degree to which organisational resources are used and maintained by small businesses largely depends on the execution of laid down controls (Swami & Sankoloba, 2014). This assertion shows that internal controls indeed matter

for small businesses such as driving schools to thrive, and for an organisation to thrive it has to be efficient and effective in resource utilisation. This therefore motivated the researcher to determine the usefulness of internal controls on driving schools.

Different researchers' categorise internal controls in a variety of ways and in this study the researcher adopted categorization by (COSO, 2013; ACCA, 2020; Lartey, et al., 2019) and this led to the development of the conceptual framework as depicted below in figure 1.1. The COSO internal control framework has three major outcomes to be achieved and these are operations objectives, reporting objectives and compliance objectives (COSO, 2013). However, the scope of this research did not cover all three major outcomes but only focused on operations objectives, this was because of two issues: (i) the nature of the business organisations under study does not have external reporting requirements at law and some times they don't even have an accountant to take care of their financial transactions therefore the researcher sought it prudent to ignore the reporting objective, (ii) the organisations under study are not heavily regulated like incorporated companies which are formed as per the companies and other business entities act [chapter 24:31], therefore because of that the researcher ignored the compliance objective. Most research articles in the area of internal controls focus on the reporting and compliance objectives therefore making this research unique in that the researcher could not locate extant literature which delve explicitly on operational efficiency and effectiveness. The conceptual framework is depicted below:

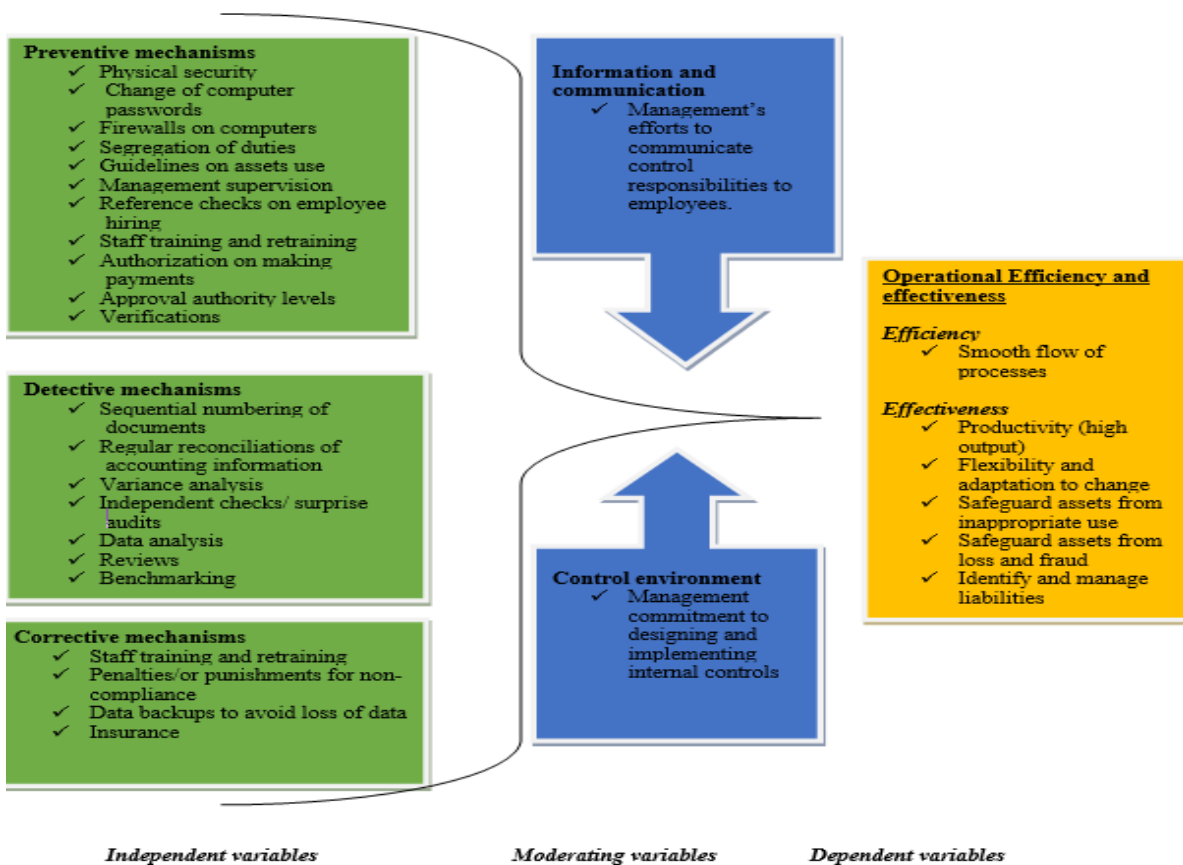


Figure 1.1: Conceptual framework for the study

Source: (Designed by the researcher)

Explanation of the independent, moderating and dependent variables and the proxies.

From the proposed conceptual framework depicted above the independent, moderating and dependent variables are as follows:

Preventive mechanisms

Preventive mechanisms are procedures/ controls effected by managers to avoid errors before they even occur. (ACCA, 2020; Campbell & Hartcher, 2003; Lartey, et al., 2019; Hall, 2011) outlines examples of preventive mechanisms and these are:

- ✓ Physical security on premises such as lock and key, security cameras, use of safes to safeguard cash.
- ✓ Regular changing of computer passwords
- ✓ Firewalls and protective devices on computer systems

- ✓ Segregation of duties*
- ✓ Clear guidelines on personal use of company assets
- ✓ Management and supervision
- ✓ Reference checks on new staff hiring
- ✓ Training and retraining of employees
- ✓ Authorization procedures for payments
- ✓ Approved authority levels
- ✓ Verifications

*Lack of segregation of duties in a transaction cycle can lead to the likelihood of theft and fraud (Asoke, 2005; Long, 2009), therefore driving school owners should ensure that there is segregation of duties so as to enhance operational efficiency and effectiveness. On the other hand, Swami & Sankoloba (2014) notes that it is generally difficult to segregate the incompatible duties in small businesses, and to deal with this problem they suggest owners of small businesses to ensure employees have custody of assets so that there is accountability in case problems arise it can be easy to trace the source of the problem and find answers.

Detective mechanisms

These are techniques and procedures to identify errors when they have already occurred (ACCA, 2020; Lartey, et al., 2019). These mechanisms according to (Campbell & Hartcher, 2003; ACCA, 2020; Lartey, et al., 2019; Hall, 2011) are:

- ✓ Sequential numbering of documents
- ✓ Regular reconciliations of accounting information
- ✓ Variance analysis
- ✓ Independent checks/ surprise audits
- ✓ Data analysis
- ✓ Reviews
- ✓ Benchmarking

Corrective mechanisms

- ✓ Lartey, et al. (2019) states that corrective controls involve monitoring actions by management to address problems that have been identified after the monitoring and review stage, and the following examples of corrective controls are provided by (Lartey, et al., 2019; ACCA, 2020; Hall, 2011) and the researcher adopted them in his study as explanatory variables under corrective mechanisms and these are:
- ✓ Management can initiate training programs to train and/or retrain employees so that they do not repeat same errors
- ✓ Penalties/or punishments for non-compliance with internal controls
- ✓ Data backups to avoid loss of data
- ✓ Insurance

Control environment

Senior management in an organisation are the ones responsible for implementing good internal controls, and management should at all times portray good behavior and lead by example so that employees can see the need to adhere to a code of ethics (Swami & Sankoloba, 2014). The control environment is crucial because it sets the tone. In the Enron case it is shown that management had created a bad culture, negligent risk taking and negligent use of resources and as usual those same behaviours cascaded downwards to almost all employees and became a culture and it led to the dismal collapse of Enron (Moncarz, et al., 2006). Oseifuah & Gyekye (2013) described the control environment in an internal control system as pervasive as it can affect the functioning of the control mechanisms in a positive or negative way. COSO (2013) outlines the following principles as elements which constitute the control environment:

- ✓ Management commitment to integrity and ethical values
- ✓ Independence and oversight of the board of directors towards management
- ✓ Clear reporting structures with appropriate authority

The proxy for control environment was taken to be management commitment to designing and implementing internal controls (Bajra & Čadež, 2018), and management was taken to include both owner and managers. The proxy for control environment was determined in this simplified form because of the nature of the businesses under study, for example there is no board of directors in informal businesses and in most cases there is no clear separation between owner and manager as the owner can choose to run the organization on their own rather than employing a management team.

Information and communication

Like the control environment, information and communication is another element of the COSO internal control framework which flows through the entire internal control framework, i.e., it is pervasive (Philee & Gyekye, 2013). Because of its pervasive nature the researcher made this the moderating variable in the conceptual framework of the study. COSO (2013) outlines the following principles as the defining factors of information and communication.

- ✓ The organization obtains or generates and uses relevant, quality information to ensure support of the components of the internal control system.
- ✓ The organization internally communicates information on the internal controls including the objectives and responsibilities of the internal controls
- ✓ The organization communicates with external stakeholders' information that may affect proper functioning of its internal controls.

In essence, it is the responsibility of management to ensure there is a functional information and communication system that can instantaneously inform and remind all employees about their control responsibilities (Oseifuah & Gyekye, 2013). Therefore, the proxy for information and communication was taken to be:

- ✓ Management's efforts to communicate control responsibilities to employees.

Efficiency

Efficiency is when there is smooth flow of processes and no disruptions in operations (ACCA, 2020). Therefore smooth flow of business processes was the proxy for operational efficiency.

Effectiveness

An internal control system should not only put much emphasis on the internal control components and ignore details on how to measure effectiveness of each of the internal control components, such a system if it ever exists is a deficient internal control system in itself (Amudo & Inanga, 2009). This assertion shows how important it is to gauge the operational efficiency and effectiveness of internal controls, however Amudo & Inanga (2009) did not give a working definition of effectiveness, they simply emphasised why it is important to measure it. In the same vein, COSO (2013) does not give examples of efficiency and effectiveness it only states that for an internal control system to be effective all the five components should be functioning as intended. However, Financial Reporting Council (2005) notes that a system of internal controls should have (as inputs) policies, procedures, tasks and behaviours of people in the organisation in order to facilitate operational efficiency and effectiveness (as outputs). The following are indicators of effectiveness as espoused by (Georgopoulos & Tannenbaum, 1957; Financial Reporting Council, 2005):

- ✓ Productivity (high output either quantitatively or qualitatively in the sense of achieving organizational goals)
- ✓ Flexibility and adaptation to internal and external changes.
- ✓ Safeguarding assets from inappropriate use
- ✓ Safeguarding assets from loss and fraud
- ✓ Ensure liabilities are identified and managed

Therefore, this study adopted the above indicators of effectiveness as proxies for operational effectiveness. In essence if any of the above is achieved as a result of the control mechanisms put in place then we can conclude that the internal control system is effective.

Empirical review

Mwazo, et al (2017) undertook an investigation on the role played by internal controls on service delivery of local government authorities in Kenya, they used a case study research design on Taita-Taveta National Treasury and their results show that risk management system and communication systems have an influence on service delivery on the national treasury that was under investigation. However, it is difficult to make generalisations on their results since their study was case based. A study on the effect of internal controls on cooperative profitability was undertaken by Shabri et al (2016). The study also adopted a case study approach same way with Mwazo, et al (2017), however Shabri et al (2016) used interviews and documentary evidence to collect data because the study was qualitative in nature. Their findings show that internal controls that were applied at Koperasi ABC Berhad were effective and satisfactory to enhance profitability of the cooperative. They further reiterated that financial losses that occurred in the cooperative was a result of inefficient cost control mechanisms and not due to weak internal controls. The primary aim of this study was to identify internal control mechanisms that can enhance operational efficiency and effectiveness and that includes eliminating instances of inefficient cost control mechanisms. Two key similarities between Shabri et al (2016) and this research study is the adoption of some elements of the COSO internal control framework and the use of interviews for data collection.

A study was also carried out by Ayagre, et al (2014) on Ghanaian banks, the aim of the study was to determine the effectiveness of internal control systems of banks and they found that strong internal control systems existed in the control environment and monitoring activities of the internal control systems of banks in Ghana. The scope of the study focused only on the control

environment and monitoring system and ignored the other three components of the COSO internal control framework. Questionnaires were used to gather data which was analysed using SPSS. Since they sought to determine the effectiveness of internal controls of banks, the target respondents were managers and internal auditors, these were chosen because they are presumed to be knowledgeable about internal controls and how they function within the bank. However, there is risk of being deceived as the managers may seek to protect the integrity of their internal control systems. A similarity between (Ayagre, et al 2014; Shabri et al 2016) and this research is the adoption of some elements of the COSO internal control framework.

Oseifuah & Gyekye (2013) undertook a study to find the effectiveness of internal controls in small to medium enterprises (SMEs) in the Vhembe district, Limpopo in South Africa. With a sample size of thirty one, questionnaires were used as data collection instruments and their focus was on the five components of the COSO internal control framework, data analysis was done using SPSS. The results of their study were not very much surprising in that they discovered that only forty five percent of firms surveyed had adequate internal control systems in place. Their findings points to the general consensus by other researchers that small businesses view internal controls as a waste of time and of little use. This kind of philosophy by some small business owners is one of the motivating factors the researcher undertook this study on internal controls for driving schools to highlighting the implications of lack of internal controls in their operations.

Swami & Sankoloba (2014) carried out research which examined the effect of internal controls in managing resources of small businesses in Botswana. Their research is very interesting and unique from other studies because they sought to determine the role of internal controls on resource utilisation by small businesses and the impact of lack/ inadequate internal controls. Their sample was composed of fifty two randomly selected respondents and their conclusion was that internal controls plays a significant part in the management of resources of small businesses in Botswana, and their results supports the very core of this research that internal controls can enhance operational efficiency and effectiveness of driving schools in Harare, Zimbabwe. It is against this background that Swami & Sankoloba (2014) echoes that owners and employees of small businesses should train themselves so as to gain more knowledge on internal controls so that effective and efficient resource utilisation can be enhanced.

The premise of this research was to highlight that internal control mechanisms leads to operational efficiency and effectiveness. Most researches in the business fraternity focus on performance in its various definitions as their dependent variables, this research however did not primarily focus on the outcome of business processes but looked at the operations/ processes on how they can be enhanced by a well-functioning internal control system, this is because if the operations are performed efficiently and effectively then the outcomes resulting from those operations including business performance are likely to be desirable. Moreso current literature shows that researchers are normally interested to study internal controls of large and well-established businesses but this researcher took a different turn and focused on driving schools which are classified as informal businesses for tax purposes by the Zimbabwe Revenue Authority.

Methodology

This research adopted an explanatory research design since the researcher sought to examine the internal control mechanisms in driving schools and nature and extent of their relationship with operational efficiency and effectiveness. Since this research adopted mixed methods, both deductive and inductive approaches were relevant and therefore adopted. A survey is mostly used under the deductive approach and answers who, what, where, how many, how much questions (Yin, 2009; Saunders, Lewis, & Thornhill, 2009). With a survey there is no need to control behavioral events and a survey allows the researcher to make a closer look on contemporary issues regarding the research phenomenon (Yin, 2009). Moreso, a survey enables the researcher to collect significant amounts of data across a sizeable population in a cost effective manner. This study therefore made use of a survey because of the reasons articulated.

Since this is a mixed method study questionnaires with responses ranked on a five-point Likert scale were used to collect quantitative data in determining nature and extent of key internal control mechanisms in use by registered driving schools in Harare. Qualitative data was also collected using face to face interviews to determine the nature of internal controls in use as well as understanding driving school owners/managers perception of internal controls. In a mixed method research, the purpose of the quantitative part is to enable the researcher answer questions which examines theories and find if there are relationships of any nature as well as differences amongst variables under study (Devotta, et al., 2016). This study adopted the mixed method approach of which the quantitative part sought to extract the relationship between internal control mechanisms and, operational efficiency and effectiveness of driving schools in Harare. Moreso, quantitative research methodology was adopted because it allows the researcher to assign numerical codes to the data and reduce the data to numbers for easy of manipulation and interpretation (Cooper, 2011). In order to gauge perception of driving school owner/managers on their knowledge of internal controls, interviews were carried out

using interview guides. Qualitative approach and interview guides were chosen because the essence of qualitative research is exploration of meanings on the problem at hand by probing questions such as how, why and what (Seitz, 2016).

A cross-sectional analysis was performed in this study because data in identifying key internal control procedures that enhance operational efficiency and effectiveness of registered driving schools in Harare was collected at a point in time rather than over a period of time. A longitudinal study could have sufficed to observe variations on how the internal control mechanisms are applied by driving schools over time together with the nature and extent of their relationship to operational efficiency and effectiveness, however the aspect of time limitation and cost led the researcher to adopt a cross-sectional study type. Data collected for a cross-sectional study might contain errors, be biased and less precise (Xacur & Garrido, 2018), however, the researcher tried to minimise these pitfalls by making use of a representative sample which was randomly selected and performing validity and reliability tests.

The sample frame for registered driving schools and their registered offices was sought from the Traffic Safety Council of Zimbabwe (TSCZ). The TSCZ is responsible for regulating and setting standards of practice for driving schools in Zimbabwe (Ministry of Transport, 2017). Data regarding internal controls mechanisms were collected using questionnaires and interviews and target respondents were owners/managers/administrative staff. For the purposes of tax payment the Zimbabwe Revenue Authority (ZIMRA) classifies driving schools as informal business (ZIMRA, 2019). Due to the informal nature of driving schools the researcher's definition of an administrator shall mean any person employed by the driving school and is responsible for performing administrative duties for the driving schools. In driving schools with a clear organogram and with clear functional departments, the management team were target respondents together with owners of driving schools. The researcher inquired from the TSCZ Research and Development department on the current number of registered driving schools in Harare and was informed that there were five hundred registered driving schools in the Harare region, the Harare region according to TSCZ includes Chitungwiza town. However, the researcher could not obtain information regarding the total number of registered driving schools in the CBD, the TSCZ could not provide that information. Therefore the researcher had to physically move around the CBD to identify and count the number of driving schools with an office in the CBD. To make the process of identifying driving schools easy the researcher went to Vehicle Inspection Department (VID) Eastlea and the designated training grounds asking driving school instructors location of their driving school offices in the CBD. Two hundred and eighteen driving school offices in the CBD were identified and that was considered to be the population for this study. The CBD was chosen primarily for the sake of convenience on the part of the researcher in terms of time and travelling costs. Harare CBD was purposively chosen as the city to select driving schools because Harare is the capital city of Zimbabwe and by that virtue it is generally expected that there are many driving schools as compared to any other town in Zimbabwe therefore a sample of registered driving schools selected from Harare will be presumed representative. Simple random sampling was used to select the driving schools to include in the sample, and stratified random sampling was used to select respondents in each of the registered driving school in the sample. Stratified random sampling was used because the researcher sought to solicit answers to the research questions from owners/managers/administrative staff. The sample size for the registered driving schools to be included in the sample was mathematically determined using a free online sample size calculator that can be found on <https://www.calculator.net/sample-size-calculator.html>. Given that the population of registered driving schools in Harare CBD is two hundred and eighteen and at a confidence level of 95% the computed sample size is one hundred and forty.

The researcher carried out a survey of registered driving schools in Harare CBD collecting both quantitative data and qualitative data using questionnaires and interview guides. The researcher designed an interview guide and a questionnaire using a five-point Likert scale with responses ranking from completely agree to completely disagree. Developing a new questionnaire and interview guide from scratch has the advantage of originality and a show of creativity on the part of the researcher, however a major drawback is on validating the data collection instruments as there is need to pilot test the data collection instruments and this can be time consuming. For purposes of this study, the researcher designed a self administered questionnaire with two sections, section A sought demographic data and section B has thirty closed-ended questions on a five point Likert scale. A closed-ended questionnaire was chosen because it is quick and easy on the part of the respondent to provide the needed responses. Moreso, questionnaires enable the researcher to collect large quantities of data. Since the study adopted a survey method targeting a sample size of one hundred and forty registered driving schools in Harare there was need to collect large quantities of data and this was made possible by making use of the drop and pick method in the distribution of the closed-ended questionnaires. The researcher designed a structured interview guide with six interview questions. The interviews sought to collect qualitative data on the insights of owners/managers of driving schools regarding internal controls. Interviews were chosen so as to corroborate the responses from questionnaires hence providing rich data for the study. Interviews can also provide better response rate and those who cannot read and write can also participate and provide answers. However, conducting face to face interviews is costly and time consuming. To ensure the process of data collection is sped the researcher printed hard copy questionnaires and physically distributed them around driving schools in Harare CBD and concurrently conducted face to face interviews with owner/managers whenever they were present, and when they were not available appointments were made to conduct the interviews over the phone.

After the data has been collected and coded the researcher used SPSS to analyses the data. Descriptive and inferential statistics were used to interpret the results generated from the data. Results were presented in tables and narrative descriptions so that meanings and relationships amongst variables in the research phenomenon can be deduced by all parties interested in understanding internal control mechanisms suitable for driving schools in Harare. In order to enhance generalizability of the results the first step was to ensure quality data is collected using research instruments and processes that can be validated. To ensure this, the researcher performed validity and reliability tests through a pilot study. The pilot study was done to obtain results on quality and verification of validity and reliability. For purposes of the pilot study a sample of twenty-two responses was obtained and was considered adequate since most researchers are agreed to a sample size between ten and thirty to be adequate for a pilot study (Isaac & Michael, 1981; Hill, 1998; Hertzog, 2008). Cresswell & Cheryl (2018) even reiterates that the number of pretests should be at least ten percent of the population therefore, making 22 used in this study adequate. On the pilot study Cronbach’s Alpha Coefficient from SPSS was used to determine reliability of the instrument. Bryman & Bell (2015) notes that Cronbach’s Alpha Coefficient value range between zero and one, where zero indicates no internal reliability and one indicates perfect internal reliability. Most researchers generally agree that a Cronbach’s Alpha of 0.70 is acceptable. However, other researchers accept 0.60 and above (Field, 2000). Results of the pilot study show a Cronbach’s Alpha Coefficient of 0.756 which is within acceptable ranges as shown on the table below as extracted from SPSS. A full reliability test was performed after the researcher collected all the questionnaires which were completed by respondents and the Cronbach’s Alpha Coefficient was 0.814.

Table 1.1 Pilot study reliability statistics

Cronbach's Alpha	N of Items
.756	46

The researcher always conducted himself in a professional and respectful manner by being honest and not misleading anyone throughout the research process. In order to solicit data from driving schools the researcher penned a letter of introduction and seeking participant consent clearly laying out the objective of the research and also articulating to respondents that their participation was voluntary as they can withdraw at any stage of the process unconditionally. The researcher respected privacy and identity of participants and their organizations as he did not ask respondents to write their names or names of their organizations anywhere on the questionnaires. Names of driving schools from which data was collected were also not written anywhere in this final report.

Results

Out of the one hundred and forty questionnaires distributed seventy-six were completed and returned representing a response rate of 54.28%. The twenty-two questionnaires which were used for the pilot study were also part of the seventy-six returned questionnaires. A large response rate is crucial to provide more precise estimations, however this study relied on Bentler (1990) assumptions who proposed that at least fifty responses are acceptable and widely practiced by researchers. The relationship between each independent variable and dependent variable was measured using stepwise multiple regression analysis. The dependent variable in this study is operational efficiency and effectiveness and it has several sub-variables within it as shown in the conceptual framework above. However, for the purposes of analysis all these sub-variables under operational efficiency and effectiveness were merged and a new variable was created using the ‘transform-statistical-mean’ function of SPSS. The new combined independent variable is “operational efficiency and effectiveness” and this was used in all statistical manipulations throughout the study.

Table 1.2: Management Level

	Frequency	Percent	Valid Percent	Cumulative Percent
Owner	5	6.6	6.6	6.6
Manager	3	3.9	3.9	10.5
Administrative Staff	68	89.5	89.5	100.0
Total	76	100.0	100.0	

The results indicate that most (89.5%) of the respondents in this study were administrative staff, this is depicted in table 1.2 which shows that 89.5% representing administrative staff responded as compared to 6.6% owners and 3.9% managers. This could be because most owners of driving schools are also managers who not normally employ managers but simply cashiers and data capturers

to assist them with administrative work like attending to clients, receipting cash and booking students for oral and practical driving lessons.

Table 1.3: Educational qualifications

	Frequency	Percent	Valid Percent	Cumulative Percent
Secondary education	6	7.9	7.9	7.9
Tertiary education	56	73.7	73.7	81.6
Other qualifications	14	18.4	18.4	100.0
Total	76	100.0	100.0	

Most (89.5%) respondents who are confirmed to be administrative staff hold a tertiary educational qualification as shown in table 1.2 and they represent a large part to the tune of 73.7%. On the other hand, 7.9% of respondents hold a secondary educational qualification and 18.4% hold neither a secondary or tertiary qualification. This revelation gives confidence on the quality of the results as most of these respondents are presumed to be knowledgeable about the business processes judging by their level of education.

Table 1.4: Number of years in operation

	Frequency	Percent	Valid Percent	Cumulative Percent
5 years and below	2	2.6	2.6	2.6
6 to 10 years	18	23.7	23.7	26.3
11 years and above	56	73.7	73.7	100.0
Total	76	100.0	100.0	

Table 1.4 shows that most (73.7%) registered driving schools in Harare are more than 11 years in business. This could be due to the fact that since Harare is the major trading hub in Zimbabwe any driving school that establishes therein can generate business. 23.7% are between 6 to 10 years and only a handful (2.6%) are equal to or below 5 years and this may represent new driving schools just joining the driver training industry.

Table 1.5: Number of employees in your organisation

	Frequency	Percent	Valid Percent	Cumulative Percent
10 and below	25	32.9	32.9	32.9
11 to 50	48	63.2	63.2	96.1
51 and above	3	3.9	3.9	100.0
Total	76	100.0	100.0	

Table 1.5 shows that 63.2% of driving schools have fifty or fewer than fifty employees. 32.9% of driving schools in Harare have ten and fewer than ten employees. Only 3.9% or three driving schools of the one hundred and forty surveyed have more than fifty-one employees, these statistics inform us that driving schools fall in the category of small business. Also, this confirms ZIMRA's categorization of driving schools as informal business entities hence reason why they pay presumptive tax.

Determination of the relationship between variables and selection of variables to include in the internal control framework.

In order to gather whether there is a relationship, and to determine the nature of the relationship between the independent variables (preventive, detective and corrective) and dependent variable stepwise multiple regression and Pearson correlation tests were performed on each variable. The decision rule to select internal control mechanisms that can enhance operational efficiency and effectiveness is explained below.

Decision rule for selecting internal control mechanisms that can enhance operational efficiency and effectiveness of driving

schools

The researcher sequentially undertook three steps to select variables/ internal control mechanism.

Step 1. The variable/ internal control mechanism should be selected by the stepwise multiple regression model in SPSS. Stepwise multiple regression technique was chosen because it is able to choose best predictor variables out of a wide variety of variables and include only those best predictors to the model.

Step 2. The variable should have a positive (weak/strong) significant association with the dependent variable, this was done using Pearson correlation test in order to make sure the variables to be included in the framework enhances operational efficiency and effectiveness.

Step 3. The variable should pass a reliability test, this was done by performing a reliability test (Cronbach’s Alpha coefficient), this test was performed to ensure accuracy, replicability and soundness of the selected variables.

Decision: Each variable/ internal control mechanism selected passed all three tests one after another as shown below.

Stepwise multiple regression results

Results of the stepwise multiple regression analysis in table 1.6 show that the adjusted R-Square is .599 for model one which means that 59.9% of operational efficiency and effectiveness is explained by the model with insurance of business assets, budget preparation, training and retraining of staff, performance reviews, approval authority levels, documents sequentially numbered, computer firewalls, independent person performs bank reconciliation, management supervision, payments authorisations, surprise checks by owner/manager, guidelines on asset use, verifications by owner/manager, analysis of reports by owner/manager, employee training programs, industry benchmarking , background checks on hiring, segregation of duties on cash, procedures to reprimand employees, data backup, accounts receivables and payables reconciliations, computer passwords, organisational chart, bank reconciliation and variance analysis being the explanatory variables. Control environment, and information and communication variables were moderating variables, however information and communication could not pass the stepwise regression test and was dropped out from the model, only control environment was included in regression model two, and as noted in the model when the moderating variable is included the R-Square value goes up slightly which shows that control environment as a moderating variable indeed have a positive contribution on the explanatory power of the independent variables towards the outcome/ variation of the dependent variable. All these variables as selected by the regression model have passed the first criteria for inclusion in the internal control framework. The regression coefficient explaining effect of internal control mechanisms was found to be .856 whereas the corresponding R-Square statistic was .732. The R-Square value of .732 show that this model is a strong predictor of operational efficiency and effectiveness and it means that the preventive, detective and corrective mechanisms listed on the preceding paragraph explains 73.2% of the variation in operational efficiency and effectiveness. Even though a study carried out by Lartey, et al (2019) was a case study of public organisations in Ghana, they found simialr results that preventive, detective, corrective and directive controls ensure effective compliance and efficiency of public organisations in Ghana. This therefore means that internal control mechanisms should be applied by all types of organisations despite nature or size of the organisation.

Statistical significance of the regression model

Model one in table 1.6 below shows a significant P value were $P < 0.05$ ($P=0.000$) and this shows that (collectively) the independent variables listed above were statistically significant in explaining the changes on the independent variable. However, even though model two as shown in table 4.2 highlights that when the moderating variable was added, the R-Square increases but the relationship then ceases to be statistically significant as the P values are greater than 0.05 on model two i.e., $P > 0.05$ ($P=0.305$). These results are also in line with some previous studies conducted on internal controls for example Collins (2014) found a strong positive correlation between internal controls and financial performance which shows that internal control mechanisms plays a role in ensuring organisations enhance efficiency and effectiveness.

Table 1.6: Regression model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics					Durbin-Watson
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.856 ^a	.732	.599	.17420	.732	5.475	25	50	.000	
2	.859 ^b	.738	.599	.17407	.006	1.074	1	49	.305	2.293

a. Predictors: (Constant), Insurance of business assets , Budget preparation , Training and retraining of staff, Performance reviews , Approval authority levels , Documents sequentially numbered , Computer firewalls, Independent person performs bank reconciliation, Management supervision , Payments authorisations, Surprise checks by owner/manager, Guidelines on asset use , Verifications by owner/manager , Analysis of reports by owner/ manager , Employee training programs , Industry benchmarking , Background checks on hiring , Segregation of duties on cash, Procedures to reprimand employees , Data backup , Accounts receivables and payables reconciliations , Computer passwords, Organisational chart, Bank reconciliation , Variance analysis

b. Predictors: (Constant), Insurance of business assets , Budget preparation , Training and retraining of staff, Performance reviews , Approval authority levels , Documents sequentially numbered , Computer firewalls, Independent person performs bank reconciliation, Management supervision , Payments authorisations, Surprise checks by owner/manager, Guidelines on asset use , Verifications by owner/manager , Analysis of reports by owner/ manager , Employee training programs , Industry benchmarking , Background checks on hiring , Segregation of duties on cash, Procedures to reprimand employees , Data backup , Accounts receivables and payables reconciliations , Computer passwords, Organisational chart, Bank reconciliation , Variance analysis , Control environment

c. Dependent Variable: Operational efficiency and effectiveness

Correlation results

Pearson correlation tests for the variables in the model generated by the stepwise regression model are presented below to show the nature and extent of the relationship of each independent variable on the dependent variable. The results are shown in table 1.7 below. All variables except verifications by owner/manager have weak correlations despite direction of the correlation. Verifications by owner/managers have a strong correlation which is statistically significant ($r = 0.663$ and $P = 0.000$). The following variables (highlighted in yellow in table 1.7) have weak negative correlation ($r < 0.50$) which is statistically insignificant: computer firewalls ($r = -0.128$ and $P = 0.135$), employee training programs ($r = -0.001$ and $P = 0.496$), surprise checks by owner/managers ($r = -0.88$ and $P = 0.224$), performance reviews ($r = -0.023$ and $P = 0.422$), industry benchmarking ($r = -0.014$ and $P = 0.452$). Therefore, it means that as extent of application of the variable as an internal control mechanism increases operational efficiency and effectiveness decreases albeit with margins that are statistically insignificant. Because these variables have negative correlation to the dependent variable, they are dropped as they do not enhance operational efficiency and effectiveness. Variables highlighted in blue as shown in table 1.7 have weak correlation which is statistically significant and because of that they pass the test. All the other variables in table 1.7 highlighted in red have weak correlation which is statistically insignificant and therefore failed one of the selection criteria, thus they were dropped.

Table 1.7: Pearson correlation results

Variable	Pearson correlation (r)	Sig.
Operational efficiency and effectiveness	1	.
Premises locked	.	0
Computer passwords	0.06	0.305
Computer firewalls	-0.128	0.135
Segregation of duties on cash	0.181	0.059
Independent person performs bank reconciliation	0.068	0.279
Guidelines on asset use	0.25	0.015
Organisational chart	0.297	0.005
Management supervision	0.15	0.098
Background checks on hiring	0.077	0.255
Employee training programs	-0.001	0.496
Payments authorisations	0.222	0.027
Approval authority levels	0.067	0.282
Verifications by owner/manager	0.663	0.000
Documents sequentially numbered	0.104	0.185
Bank reconciliation	0.37	0.001
Accounts receivables and payables reconciliations	0.454	0.000
Budget preparation	0.421	0.000

Variance analysis	0.267	0.010
Surprise checks by owner/manager	-0.088	0.224
Analysis of reports by owner/ manager	0.194	0.046
Performance reviews	-0.023	0.422
Industry benchmarking	-0.014	0.452
Training and retraining of staff	0.118	0.155
Procedures to reprimand employees	0.2	0.042
Data backup	0.08	0.247
Insurance of business assets	0.007	0.477
Control environment	0.251	0.014
Information and communication	0.241	0.018

Reliability test for internal control mechanisms to be included in the internal control framework

Table 1.8 below shows the Cronbach's Alpha coefficient for each variable. Variables with a high Alpha coefficient were presumed to have passed the reliability test and therefore were selected. In this case all the eleven variables have a Cronbach's Alpha coefficient which is greater than 0.80 therefore the variables qualified to be selected.

Table 1.8: Cronbach's Alpha coefficient for each internal control mechanisms to be included in the internal control framework

Internal control mechanism	Cronbach's Alpha Coefficient
Guidelines on asset use	0.883
Organisational chart	0.863
Payments authorisations	0.895
Verifications by owner/manager	0.878
Bank reconciliation	0.873
Accounts receivables and payables reconciliations	0.872
Budget preparation	0.857
Variance analysis	0.857
Analysis of reports by owner/ manager	0.876
Procedures to reprimand employees	0.879
Control environment	0.882

Presentation of variables which have passed each of the selection criteria in the decision rule

Table 1.9 presents variables that have passed each category of the decision rule. Variables painted in blue have passed all three categories and are considered internal control mechanisms that can enhance operational efficiency and effectiveness of driving schools in Hararre. Variables painted in red have failed at least one criterion therefore could not be selected. The initial variables were twenty-eight as shown on the conceptual framework figure 1.1, after the stepwise regression analysis only twenty-six variables passed the stepwise regression test as shown in table 1.9. The twenty-six variables which passed the regression test were again tested for correlation (Pearson correlation) on an individual basis and only twelve variables passed the decision rule test for correlation test as shown in table 1.7. The variables which passed both the regression test and correlation test were again tested for reliability and 11 variables passed as shown in table 1.8.

Table 1.9: Selection criteria for internal control mechanisms

Passed regression test	Passed Pearson correlation test	Passed reliability test
✓ Insurance of business assets	✓ Guidelines on asset use	✓ Guidelines on asset use
✓ Budget preparation	✓ Organisational chart	✓ Organisational chart
✓ Training and retraining of staff,	✓ Payments authorisations	✓ Payments authorisations
✓ Performance reviews	✓ Verifications by own-	✓ Verifications by owner/manager
✓ Approval authority levels	er/manager	✓ Bank reconciliation

<ul style="list-style-type: none"> ✓ Documents sequentially numbered ✓ Computer firewalls ✓ Independent person performs bank reconciliation, ✓ Management supervision 	<ul style="list-style-type: none"> ✓ Payments authorizations ✓ Surprise checks by owner/manager ✓ Guidelines on asset use ✓ Verifications by owner/manager ✓ Analysis of reports by owner/ manager 	<ul style="list-style-type: none"> ✓ Bank reconciliation ✓ Accounts receivables and payables reconciliations ✓ Budget preparation ✓ Variance analysis ✓ Analysis of reports by owner/ manager ✓ Procedures to reprimand employees ✓ Control environment 	<ul style="list-style-type: none"> ✓ Accounts receivables and payables reconciliations ✓ Budget preparation ✓ Variance analysis ✓ Analysis of reports by owner/ manager ✓ Procedures to reprimand employees ✓ Control environment
<ul style="list-style-type: none"> ✓ Employee training programs ✓ Industry benchmarking ✓ Background checks on hiring ✓ Segregation of duties on cash 	<ul style="list-style-type: none"> ✓ Procedures to reprimand employees ✓ Data backup ✓ Accounts receivables and payables reconciliations ✓ Computer passwords ✓ Organizational chart ✓ Bank reconciliation ✓ Variance analysis ✓ Control environment 	<ul style="list-style-type: none"> ✓ Information and communication 	

Internal control mechanisms that can enhance operational efficiency and effectiveness

The primary objective of this study was to identify internal control mechanisms that can enhance operational efficiency and effectiveness of driving schools in Harare. The internal control mechanisms presented in figure 1.2 have been identified on the basis of theory particularly the COSO integrated internal control framework of 2013 and was substantiated by empirical study with data collected using structured questionnaires.

Preventive mechanisms	Detective mechanisms	Corrective mechanisms
<ul style="list-style-type: none"> ✓ Guidelines on assets use ✓ Organizational chart ✓ Authorization on making payments ✓ Verification of subordinates' work 	<ul style="list-style-type: none"> ✓ Bank reconciliations ✓ Receivables and payables reconciliations ✓ Budget preparation ✓ Comparisons of budget against actual ✓ Analysis of operational and financial reports 	<ul style="list-style-type: none"> ✓ Procedures for reprimanding employees going against operating procedures
<p>Control environment</p> <ul style="list-style-type: none"> ✓ Owner/manager to show commitment in designing and implementing internal controls 		

Figure 1.2: Internal control mechanisms that can enhance operational efficiency and effectiveness of driving schools in Harare

Results from qualitative study

Interviews were conducted to validate the responses obtained through questionnaires concerning internal control mechanisms currently in use by registered driving schools in Harare. Structured interview questions on control environment and, information and communication were also asked in order to gauge if owner/managers make an effort to communicate with staff regarding internal control issues.

Content analysis was used to analyze the responses from interviews.

Number of participants interviewed

Six face-to-face interviews were conducted and their length averaged not more than thirty minutes, to save time the researcher conducted the interviews concurrently as he dropped and picked the self-administered questionnaires with owner/managers who had agreed to be interviewed, the target audience were owner/managers of driving schools. Most owner/managers were reportedly as not around and some noted that they were busy and could prefer the questions left so they could respond in writing but the researcher preferred verbal conversation so that he could have an opportunity to even make follow-up questions when there was need to.

How do you ensure business assets are safe and cannot be misused?

This question tried to gauge the exact nature of internal control activities that driving school operators implement in their driving schools in an effort to ensure their assets are not misused. The researcher tried to pick common points that were emphasized on each question. Regarding this question respondents pointed out that they make use of diaries and logbooks to ensure they are able to track the activities of driving school instructors. Standard operating procedures was also a key phrase that was mentioned by those interviewed and one respondent had this to say "I have strict rules in place regarding use of vehicles by instructors and I am also in the process of installing a tracking system". Surprise checks was also widely mentioned by those interviewed, some said that they can even visit their instructors whilst at the training grounds and ask for their log books. These responses show that driving school operators are aware that there is need for an internal control system to ensure operational efficiency and effectiveness, and their responses are also not far away from literature since they make use of preventive mechanisms like logbooks.

How do you ensure there is smooth flow of operations?

Planning and hiring hardworking instructors were mentioned several times as one way of ensuring that operations flow smoothly (efficiency). In terms of planning one driving school operator narrated thus: "The economic environment in Zimbabwe is volatile, you don't know what will happen tomorrow so you have to be in possession of a contingency plan, one dire issue at the moment is the currency and exchange rate issue, and we always factor that in our plans". Even though driving schools are considered informal business according to how they are taxed by ZIMRA, most driving schools as observed by the researcher are operated by people who know how to run business as evidenced by the respondents who spoke about planning, and planning implies budgeting. This could be one reason why driving schools in Harare have been observed to have stayed for more than a decade in business despite the harsh economic environment.

How often do you communicate with your employees and what mode of communication do you use?

All those interviewed reported that they are in constant touch with their employees, some even went on to say they make sure they communicate with their staff on a daily basis and they also need daily reports of the number of practical lessons and road tests by each instructor. Even though the contents of communication are not about internal control responsibilities to their staff, driving school operators seem to understand the importance of communication with employees at all levels. One driving school owner said that he listens and welcomes any grievance from his staff and that has helped him connect with his staff. These responses are in sync with the COSO internal control framework which emphasized on communication as a way to ensure operational efficiency and effectiveness. However, communication variable failed the stepwise regression test and could not be selected for inclusion on the list of internal control mechanisms that can enhance operational efficiency and effectiveness. All those interviewed mentioned WhatsApp, phone calls and face to face meetings as their mode of communication. Only one mentioned email. This shows that driving school owner/managers always want to know how their instructors are doing in terms of operations.

How do you show commitment on internal controls to your employees?

Frequent checks on employee's work have been widely mentioned as a way to show staff that the owner/ manager is serious about internal controls. One participant said that "when we are at work lets work that's my motto". This shows how serious some driving school operators are about internal controls. Literature on internal controls particularly the COSO internal control framework stipulates that the control environment matters most and management should set the tone on how serious they are about internal controls, this has also been validated in the quantitative study above since control environment passed all three decision rules for inclusion on the list of internal control mechanisms that can enhance operational efficiency and effectiveness.

How do you ensure everyone is committed to performing their duties effectively?

The researcher was expecting those interviewed to talk about procedures for reprimanding employees who are found violating operating procedures. However, they all spoke at length about reward mechanisms. One respondent had this to say "My commission rates are considered highest in this business". It also has been noted that driving school operators make regular performance ap-

praisals as they pay their instructors on commission aligned to performance. Employee welfare was key as most of them provide transport allowances on top of the commission. One driving school operator interviewed said this "I understand the plight of my staff so I ensure they don't struggle coming to work as I provide them with transport allowance and I buy them internet data so that we are always in constant touch". These responses are a clear indication that driving school owner/managers understands that employees are an invaluable resource in an organization hence the need to ensure they are taken care of so that they are committed to performing their duties (Lawson, 2002).

Discussion

The main goal of setting up internal controls in an organization is achievement of organizational objectives (Philee & Jamshedy-Navid, 2010), the internal control mechanisms identified in this paper can enhance operational efficiency and effectiveness if implemented by driving schools. However, it is critical to note that for any system to operate as expected it requires the cooperation of everyone in the organization and that calls for management to set the right tone. The results from this study show that the control environment has to be effective so that the other categories of internal controls can be a success.

Since driving schools in Zimbabwe are classified as informal businesses by ZIMRA, the driving school owners should guard their resources from any form of misuse by those they employ to manage affairs on their behalf because if this is not the case then resources can be misused to the detriment of the driving school. The internal control mechanisms identified in this study can assist driving school owners to be on top of the situation all times. Even though extant literature on internal controls for small businesses in the informal sector is scarce because of researchers' preference to study well established organisations, it is shown by authors like Oseifuah & Gyekye (2013) that small businesses are reluctant to implement effective internal control systems, hence small business owners need to be made aware of the importance of having effective internal controls and the detriment of not having such.

Conclusion

In order to enhance their operational efficiency and effectiveness driving school operators should at least implement the following internal control mechanisms which have been found to have a significant impact in their operations: guidelines on asset use, organizational chart, payments' authorizations, verifications by owner/manager, bank reconciliation, accounts receivables and payables reconciliations, budget preparation, variance analysis, analysis of reports by owner/ manager, procedures to reprimand employees and owner/manager commitment. Moreover, driving school owner/managers should make an effort to communicate internal control responsibilities to their staff as this has been found to have a positive correlation to operational efficiency and effectiveness despite the fact that this internal control mechanism has not been found to enhance operational efficiency and effectiveness. Finally owner/managers should make an effort to ensure there is segregation of duties over the cash cycle were possible, payments should be authorized and they should also backup their operational and financial data, the reason for this is because most driving schools have been found not to implement these despite being positively correlated to operational efficiency and effectiveness.

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