



Internal Control System and Financial Performance of Multipurpose Cooperatives in Anambra State

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ABSTRACT

The study is centered on internal control system and financial performance of multipurpose cooperatives in Anambra state, Nigeria. The specific objectives are to determine the extent to which control environment influences the growth (membership size) of Multipurpose Cooperatives in Anambra state, ascertain the relationship between segregation of duty and fraud reduction in Multipurpose Cooperatives in Anambra state, examine the extent to which management's policies on reserve funds affects working capital in Multipurpose Cooperatives in Anambra state and assess the relationship between business review and survival of Multipurpose Cooperatives in Anambra state. The population of the study consisted of 152 registered Multipurpose cooperatives with an estimated membership strength of 2189 in the study area. The instrument used for data collection was a well-structured questionnaire and annual report of multipurpose cooperatives in the study area. The data were analysed using both correlation and regression analysis and hypotheses were tested at a 5% level of Significance. The findings revealed that control environments have a statistically significant positive influence on growth ($R = .972$; $R\text{-Square} = .944$; $F\text{-Statistics} = 4903.362$; $P\text{-value} < 0.05$); there is a statistically significant positive relationship between segregation of duty and fraud reduction ($r = .965$; $P\text{-value} < 0.05$); management policies have a statistically significant positive effect on working capital of Multipurpose Cooperatives in Anambra state ($R = .872$; $R\text{-Square} = .884$; 3103.233 ; $F\text{-Statistics} = 4903.362$; $P\text{-value} < 0.05$) and that business performance review has a statistically significant relationship with survival of Multipurpose Cooperatives in Anambra State ($r = .986$; $P\text{-value} < .05$). On the strength of this, it was concluded that internal control system has a statistically significant effect on financial performance of multipurpose cooperatives in Anambra State.

Key words: Internal control, financial performance, multipurpose cooperatives.

Background to the study

Corporate failures, especially in the developed world have called for firms to be more proactive in implementing a robust internal control system as a check to the excesses of business managers. The collapse of big companies like Leeman Brothers and Enron has confirmed that too big to fail is a delusion (Umar & Dikko, 2018). It has been observed that internal control system is one of the mechanisms that can be used to address the cooperative society's problems (Asiligwa & Renox, 2017).

Internal control, as defined by accounting and auditing as a process for assuring an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies (Tackett et al., 2019). The institutional management carried out through good internal control systems and timely performance reports in conducting the cooperative societies business are important in influencing their financial performance (Bii, 2017).

Poor internal controls often cause fraudulent activities to go unchecked and inevitably result in the downfall of the organization. The role of internal controls is to ensure that appropriate financial, operational and compliance controls are in place (Adeyemi & Adenugba 2021).

Financial performance is a measure of company's policies and operations in monetary terms. It is a general measure of a firm's overall financial health over a given period of time, and can be used to compare similar firms across the same industry or to compare industries or sectors in aggregation. There are many different ways to measure cooperative's financial performance.

Objective of the Study

The main aim of the study is to examine the effect of internal control system on financial performance of multipurpose cooperatives in Anambra State.

The specific objectives are to:

1. determine the extent to which control environment influences the growth (membership size) of Multipurpose Cooperatives in Anambra state.

2. ascertain the relationship between segregation of duty and fraud reduction in Multipurpose Cooperatives in Anambra state.
3. examine the extent to which management's policies on reserve funds affects working capital in Multipurpose Cooperatives in Anambra state.
4. assess the relationship between business review and survival of Multipurpose Cooperatives in Anambra state.

REVIEW OF RELATED LITERATURE

Internal Control System

Internal control is an interlocking set of activities that are layered onto the normal operating procedures of an organization, with the intent of safeguarding assets, minimizing errors, and ensuring that operations are conducted in an approved manner (Chang et al., 2019; Hogan & Wilkins, 2018).

Internal control activities occur throughout the organizations at all levels and in all functions. Control activities are the policies and procedures used in various organizations to ensure that management directives are carried out and necessary actions are taken to address risks to ensure the achievement of various objectives (Ratcliffe & Landes, 2019). In the Committee of Sponsoring Organizations (COSO), (2013) framework, the five elements of internal control provided include the control environment, risk assessment, control activities, information and communication and monitoring.

Financial Performance

Performance is defined by Posthuma et al (2018) as the ability of an organization to efficiently and effectively operate, increase profitability, survive and respond to environmental turbulence. This definition covers two aspects of performance; financial and non-financial performance. Financial performance is the quantification of the goals and objectives of an organization into monetary terms. Financial measures determine how healthy an organization is in financial terms. Financial performance provides a basis of industry comparison of the firm with other businesses. Financial performance can be measured in a number of ways as reflected in return on assets, return on investment, return on equity and profitability of the business (Balsam, Jiang & Lu, 2020).

A firm can improve its financial position by instituting measures that reduce wastage of resources. Financial performance can be improved through reduction in fraud, efficient working capital management and reduction of irregularities.

Control Environment and growth (membership size)

According to Committee of Sponsoring Organizations (COSO), (2013), the control environment sets the tone of an organization, influencing the control consciousness of its people. It is the foundation for all other components of internal control, providing discipline and structure. Control environment factors include the integrity, ethical values and competence of the entity's people; management's philosophy and operating style; the way management assigns authority and responsibility, and organizes and develops its people; and the attention and direction provided by the board of directors (Thornton, 2018). Acknowledgement of performance is one of motivating factors for an active member. Active membership in cooperatives is crucial for the proper representation of the members, ensuring control rights, and cooperative performance (Barraud et al., 2018).

Positive control environment facilitates a process that can bring about changes in cooperatives that lead to higher levels of benefits and consequently of member commitment (Abrisham, 2018; Barraud *et al.*, 2018). Cooperatives with clear goals and objectives attract new members as it gives them an idea of what they have to gain. Cooperatives whose management are committed in fulfilling one of the principles of Cooperatives i.e. "Concern for community" use this avenue to attract prospective members to their societies. Cooperative members who feel fully engaged and satisfied with the management ethical values and operational style are more likely to support the cooperatives through word of mouth promotion (Duggan, 2018).

SEGREGATION OF DUTY AND FRAUD REDUCTION

Fraud is an intentional strategy to achieve a personal or organizational goal or human needs by deceit (Ayneshet, 2020). A layman definition of fraud includes dishonesty in the form of an intentional deception or a willing full misrepresentation of a material fact, lying, the wilful telling of an untruth, and cheating, the gaining of an unfair or unjust advantage over another. Fraud involves coercing people to act against their own best interest (Hayes, 2022).

Segregation of duties is the most important or essential control activity. The principle underpinning segregation of duties is that people should not be in a position where they could both perpetuate and hide fraudulent activities through the manipulation of accounting records (Larry & Bradley, 2017). Romney and Steinbart (2019) explain that an effective internal control makes sure that not a single employee is given ultimate control over any transaction or business process. Efficient segregation of duties highlights the need for at least two people be engaged in the processing of a transaction in that an employee provides independent examination on the others person's performance.

Management policies on Reserve funds and Working capital

According to Corporate Finance Institute, reserve fund refers to a savings account or highly liquid assets set aside to meet unexpected costs or financial obligations. It is a designated pool of money set aside by an organization or entity to address future expenses, unforeseen events, or to provide a financial

cushion. It serves as a form of savings account, ensuring that funds are available when needed, thereby enhancing financial stability and mitigating risks. Reserve funds are commonly used in various sectors, including businesses, non-profit organizations, homeowners' associations, and government entities.

Working capital (WC) is considered an internal funding resource that provides liquidity to firms to fund their short-term obligations (Aktas et al., 2019; Deloof, 2018; Yazdanfar & Öhman, 2014). Furthermore, working capital is a main source of funding for firms lacking external financing, especially small firms and cooperatives (Ebben & Johnson, 2018). Working capital significantly affects shareholder wealth and firm value (Kieschnick et al., 2020; Le, 2019). In crises, one of the most important and decisive decisions adopted by executives is that related to Working capital management (Enqvist et al., 2014; Zimon & Tarighi, 2021). Due to the importance of working capital, firms and cooperatives have been striving to procure the correct amount of working capital to maximize its value and balance the costs and benefits of working capital expenditure (Baños- Caballero et al., 2018).

Holding more working capital could result in a high cost of liquidity while holding low working capital could have a high cost of illiquidity (Panda & Nanda, 2018). Thereby, finding the optimum amount of working capital and the appropriate working capital policy (WCP) can be difficult tasks for the managers of firms (Deloof, 2018; Zariyawati et al., 2009).

Business review and survival

Business review is an assessment managers use to evaluate professional progress, strengths, weaknesses and productivity. Business reviews are important at any stage of a business; they are a way to assess the current state of any business (Alleli, 2020). Business review are helpful to judge the gains made by a cooperative so far and further make better decisions (Wu, 2018). Survival of every business is paramount. Survival is the ability to keep business in operation for a certain amount of time (Jarmila, 2021).

Activities need to be established to monitor performance measures and indicators. These controls could call for comparisons and assessments relating different sets of data to one another so that analyses of the relationships can be made and appropriate actions taken such as reviewing reports, financial statements, and reconciliations. Management should compare information about current performance to budgets, forecasts, prior periods, competitors or other benchmarks to measure the extent to which goals and objectives are being achieved and to identify unexpected results which require follow up (Aspili, 2018).

Conceptual framework

The conceptual framework in fig 2.1 illustrates the relationship between internal control systems and financial performance of multipurpose cooperative in Anambra state. The dependent variables financial performance (growth, fraud reduction, working capital and survival) was measured in relation to the independent variable managerial internal control system.

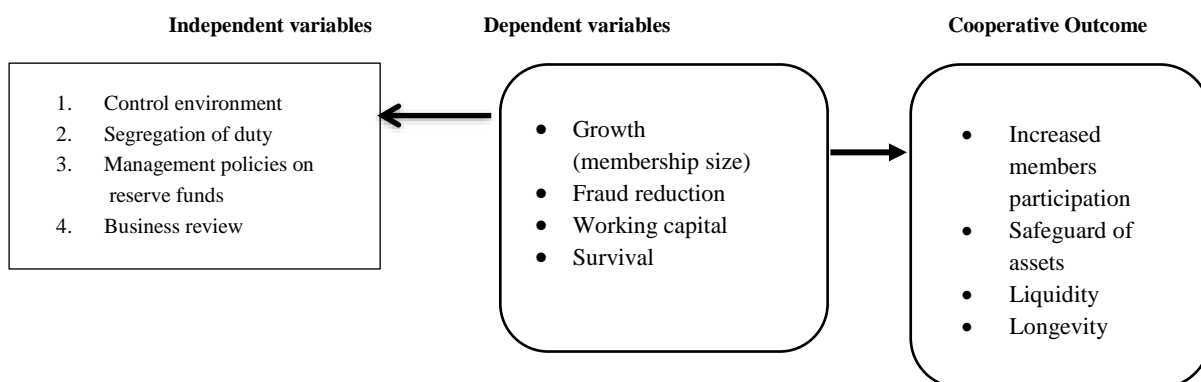


Figure 2.1: Researcher's Conceptual Framework

Conceptual internal control system and financial performance model

Source: Researcher 2023

Theoretical Framework

This work is anchored on Contingency theory propounded by Fiedler 1958 cited in the work of Ibrahim (2017). Contingency theory, are embodiments of the sociological functionalist theories of organizational structure which are the structural approaches to studies of organization (Woods, 2009). However, contingency theory focuses on the behavioral aspect of an organization in explaining how contingent factors such as culture, technology, and external environment have an influence in organizations designing and functioning. It is assumed by the contingency theory that no single type of organization's structure is equally applicable to all organizations. Rather, the effectiveness of an organization depends heavily on the type of technology, the size of the organization, environmental volatility, the features of the organization's structure and the system of information that it is using. The contingency theory in effect explains the relationship that exists in the effectiveness of internal control structure given varying contexts as well as organizational performance such as reliability. Simply put, the type and usage of control systems is contingent upon the context of the organizational setting in which these controls work (Fisher, 1998).

Relevance of Theory to the Study

Dalton and Lawrence (1970) argue that the structure of organizations is not fixed in nature but exists as a variable which can be manipulated. Management has the ability to choose the specific types of structures that an organization will be built upon. Formal documents such as job descriptions and organizational charts provide clear demonstrators concerning the basic structure of an organization. Therefore the contingency theory's relevance to this study is that it will enable management to choose the best style of operations that best aligns with their organization structure and principles.

Review of Empirical Studies

Ejoh and Ejom (2014) assessed the relationship between internal control activities and financial performance in Tertiary Institutions in Nigeria. Data was collected using questionnaires and interview guides as well as review of documents and articles. The method of analysis employed was survey design while the stratified sampling procedure was adopted in administering the questionnaires. The data were analyzed using simple percentages, correlation coefficient and z-scores. The study found that there is clear separation of role in the institutions' finance and account department and that superior officer in the College supervised regularly work done by their subordinate.

Kamau (2018) examined the effect of internal controls on the financial performance of manufacturing firms in Kenya. The population chosen for this study was 65 manufacturing firms registered by ministry of industrialization in Kenya. Primary data was collected using structured questionnaires while the secondary data was gathered from financial statements based on availability and accessibility of data. The method of analysis employed was descriptive survey using regression analysis. The study adopted regression analysis. The finding showed that the staff were skilled to implement the accounting and financial management systems, the security system identified and safeguarded organizational assets.

Kinyua (2016) studied the effectiveness of internal control on financial performance of companies quoted in the Nairobi securities Exchanges. The study adopted descriptive research design using both quantitative and qualitative approach. The target population was 372 senior managers in 62 companies quoted in Nairobi Securities exchange. Survey data was collected by use of a structured questionnaire. The data obtained were analyzed using both qualitative and quantitative analysis. Multiple regression models were used to test whether internal control environment, internal audit function, risk management, internal control activity and corporate governance have any influence on financial performance. It was found that internal control systems had a significant positive relationship with financial performance.

Ibrahim, Diibuzie & Abubakari (2017) undertook Impact of Internal Control Systems on Financial Performance: The Case of Health Institutions in Upper West Region of Ghana. They argued that the significance of upholding effective internal control system in organizations have been persistently and immensely emphasized, due to its positive effects on financial performance. This study selected a sample of five (5) health institutions in the Upper West Region of Ghana; the Upper West Regional Health Administration, Upper West Regional Hospital, Nadowli District Hospital, Jirapa District Hospital, and Jirapa Community Health Nurses Training School. Sample of fifty (50) respondents were therefore selected using the purposive sampling technique. The method of analysis employed was descriptive survey. The finding of the study showed a positive relationship between internal controls and financial performance.

Gap in Literature

This study revealed the academic composition of other writers in order to obtain a comprehensive knowledge of internal control and its impact on financial performance of multi-purpose cooperatives. The likes of Eniola et al (2016) focused their searchlight on the "effect of internal control on financial performance of firms in Nigeria". Kamau (2018) in a similar way assessed the effect of internal controls on the financial performance of manufacturing firms in Kenya. Mawanda (2018) focused on the internal control systems on financial performance in institution of higher learning in Uganda. Given the above, this study attempts to bridge a context gap by the distinct form of internal control proxies 'control environment, segregation of duty, management policies on reserve funds and business performance review' and its relationship with financial performance of multipurpose cooperatives which contributes to existing knowledge.

Materials and methods

Anambra State is a Nigerian state located in the south eastern region of the country. The state was created on 27th August, 1991. Anambra State is bounded by Delta state to the west, Imo state to the south, Enugu state to the east and Kogi state to the north.

The state is named after the Omambala River, a river that runs through the state. The state capital is Awka, a rapidly growing city that increased in population from approximately 700,000 to more than 6 million between 2006 and 2020 (Wikipedia). The city of Onitsha, a historic port city from the pre-colonial era, remains an important centre of commerce within the state.

Nicknamed the "Light of the Nation", Anambra State is the eighth most populous state in the nation. The major urban centres of Anambra state are Onitsha, Nnewi and Awka, the state capital.

Cooperative societies exist in every part of Anambra State with their different types that consist savings and thrift cooperative, agricultural cooperative, consumer cooperative, producer cooperative and multipurpose cooperative with their relevant activities they carry out overtime. The estimated number

of cooperative society in Anambra state is seven hundred and twenty five (725) and the estimated membership strength in Anambra state is eighteen thousand three hundred and thirty-five. (18,335). (Ministry of trade, Commerce, Market & Wealth Creation, Anambra State, 2020).

To determine the sample size of the population, Taro Yamane sample size determination formula was adopted, which gave us a total number of 338 cooperative members as the sample size out of the 2189 members of registered multipurpose cooperatives society in the study area.

$$n = N/1 + N (e)^2$$

Table 1: The LGAs Selected, Names and their membership Strength based on number questionnaires to distributed.

S/n	L.G.A	Name of cooperative societies	Membership strength
A	Idemili North	Abatete Forward Ever FUG MCS Ltd	5
		Macsol FUG MCS LTD	7
		Makua-chukwu FUG MCS LTD	22
		Eva Agro base MCS LTD	1
		Sacred Heart of Jesus MCS LTD	10
		Queen of Peace MCS LTD	8
		Zion Ogidi FUG MCS LTD	3
B	Dunukofia	Nneamaka Umunachi society MCS	4
		Kosiso Chukwu Umunachi MCS	9
		Dunukofia Farmers Cooperative Association (FCA)	5
		Ngene Nagwu MCS	8
		Eziamaka Nagwu MCS	11
		Productive hands Ukpo F.M.C.S LTD	2
		Amazing Grace MCS	6
C	Idemili South	Ugwu idemili MCS	5
		Umuoekokpa MCS	2
		Alor Farmers MCS	7
		Nnedimma Womens MCS	2
		Peace makers MCS	5
		Divine Heritage MCS	9
		Nnobi great MCS	3
D	Awka North	Igwemma Achalla FMCS Ltd	4
		Ezeadi Ugbenu FMCS Ltd	3
		Amansea Star FMCS Ltd	5
		Country Farmers Mgbaukwu FMCS Ltd	1
		Obyco Mgbaukwu FMCS Ltd	2
		AmanUke	5
		Udoka women FMCS Ltd	3
		Oye Achalla strangers FMCS Ltd	
E	Anaocha	Unique Women MCS Ltd Neni	1
		Godswill Women MCS Ltd Neni	5
		Obeledu FMCS Ltd	7
		Akwaeze FMCS Ltd	8
		Adazi-Enu Women FMCS Ltd	10
		Eziobodo MCS Ltd	8
		Diamonds MCS Ltd	11
F	Njikoka	Nwanedumba Women FMCS Ltd	3
		Naomi farmers MCS Nimo	1
		Ofuobi Abagana FMCS Ltd	2
		Abba Development FMCS Ltd	5
		Umuobinaha Nawfia FMCS Ltd	7
		Chigozie FMCS Ltd	3
		Virtuous Women MCS Enugwu Agidi	6

G	Awka South	Chinemelum Nibo MCS	8
		Achison MCS Amawbia	1
		Umuawaulu Women MCS Ltd	13
		Ezinato Women MCS Ltd	6
		Umuanum FMCS Ltd	9
		Ezeoye MCS Ltd	8
		Umuazu FMCS Ltd	11
	TOTAL		290

Source: Field survey 2023

Stratified random sampling was used to generate the sample. The population was divided into strata and in this case the stratum was the Anambra central senatorial districts from the three senatorial districts in Anambra State. Stratified random sampling was used because it reduces on the errors and gives estimates that are precise (Hanneman &Kposowa, 2012). In the second stage, Purposive sampling was used to select 7 multipurpose cooperatives from each of the 7 local government areas in Anambra Central Senatorial Zones. Purposive sampling is a non-probability sampling technique where subjects were selected because of their proximity, availability to the researcher. Therefore the Taro Yamane Techniques was adopted for this research work in order to determine the sample size.

The instrument used for data collection is a structured questionnaire designed and validated by experts in line with the objectives of the study. The questionnaire has two sections: while section 'A' sought information on socio-economic traits and status of the respondents, Section 'B' elicited information on the effect of internal control on financial performance through a five-point (5) Likert-scale. Three hundred and thirty – eight (338) copies of questionnaire were distributed, but only 290 were returned. The respondents were requested to express their opinion by ticking (√) on a five – point, Likert scale as shown.

Both descriptive and inferential statistics were employed in achieving the objectives of the study. A mean score of 3.00 and above was considered significant, while less than 3.0 were considered not significant. Hypotheses were analyzed using regression equation and correlation while F-test was used to test whether to accept or reject the hypothesis at 5% level of significance.

The functional specification of the model is of which the form: To realize the objective of the study, the study was presented in a regression analysis that will model in favour of financial performance as the dependent variables and internal control system as independent variables. **Independent variable**= internal control system (ICS)

Dependent variable= financial performance (FP)

$$ICS=f(FP).....(3.1)$$

$$ICS= f(GR, FR, WC,S).....(3.2)$$

The following multiple regression equation would be employed to test the hypotheses:-

$$Y= \alpha + \beta_1X_1+ \beta_2X_2 + \beta_3X_3 + \beta_4X_4+ e_i$$

Where:

Y = Internal control system

X1= Growth (membership size)

X2= Fraud reduction

X3= Working capital

X4= Survival

B1-β3= Coefficient of the independent Variables

α = constant

e_i = error Term

Apriari Expectation:

$$B1- \beta_4 > 0$$

It is presumed that the independent variables would positively influence financial performance.

Results and Discussion

This section deals with the analysis of the data collected from the field survey for the purpose of discussion.

Socio-Economic Profile of cooperative Members Table 2.0 Distribution according to socio-economic traits of entrepreneur members of the cooperative societies (n= 290)

No	Biographic	Frequency	Percentage	Total
1	Sex			
	Male	128	44	290
	Female	162	56	
2	Age Bracket			
	Less than 25 years	4	1	290
	26-35 years	47	16	
	36-45 years	115	40	
	45 years and above	124	43	
3	Marital Status			
	Married	254	88	290
	Not married	4	1	
	Divorced	3	1	
	Widow/widower	29	10	
4	Educational Qualifications			
	FSLC/SSCE	49	17	290
	ND/NCE	17	5	
	Bsc/HND	202	70	
	Msc & above	22	8	
5	Business Size			
	Small	65	22	290
	Medium	221	76	
	Large	4	2	
	Nature of Cooperative Business			
	Producer	35	12	290
	Processor	37	13	
	Manufacturer	43	15	
	Wholesaler	79	27	
	Retailer	70	24	
	Savings	26	9	
	Number of Years in Business			
	Less than 5 years	7	3	290
	6-12 years	34	12	
	13-18 years	199	67	
	19-25 years	46	16	
	26 years and above	4	2	
	Number of Years Account have been Audited			
	1-2 years	10	4	290
	3-5 years	123	42	
	6 years and above	157	54	

Source: Field Survey, 2023

Table 4.1 shows the demographic characteristics of the respondents and the cooperative societies to belong to/studied. From the Table, it is seen that 128 are male while 162 are female. The Table also reveals that 4 of the respondent are less than 25 years, 47 are between the age of 26-35 years, 115 are between 36-45 years, and 124 respondents are between 45 years and above. For the marital status of the respondents, 254 are married, 4 are not married, 3 are divorced while 29 are widow/widower. The responses for their educational qualification shows that 49 of the respondents have FSLC/SSCE, 17 have ND/NCE, 202 have Bsc/HND while 22 have Msc & above. On the size of business, 65 of them are small, 221 are medium while 4 are large. The question on nature of cooperative business shows that 35 are producers, 37 are Processors, 43 are into manufacturing, 79 are into wholesaling, 70 are into

retailing while 26 are into savings. The responses for number of years in business indicates that 7 of the cooperatives have been in business for less than 5 years, 34 have operated for between 6-12 years, 199 between 13-18 years, 46 for between 19-25 years and 4 have operated for 26 years and above. For questions on number of years their accounts have been audited, 10 of the cooperatives said 1-2 years, 123 said 3-5 year while 157 responded that it is for 6 years and above.

Influence of internal control system on financial performance.

All the variables met the theoretical mean threshold of 3.0. Thus it is accepted. On the part of Growth (membership size), the mean falls within the theoretical threshold of 3.0, hence it is accepted.

As regard the relationship between segregation of duty and fraud reduction, the result showed the descriptive statistics for the research question two. All the variables met the theoretical mean threshold of 3.0. Thus it is accepted. On Fraud reduction (FRAUDRED), the mean falls within the theoretical threshold of 3.0, hence it is accepted. As well as, on the relationship between business review and survival in the study area, it is observed that all the variables construct that assess the relationship between business review and survival in the study area. The result shows that theoretical mean threshold of 3.0 was met. Thus, the descriptive statistics suggest that survival depends strongly on business review in the study area.

Regression Analysis Result

Table 3: Regression Result on extent to which control environment influences the growth (membership size)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.972 ^a	.944	.944	.921	4163.143	4903.362	.000 ^b

a. Dependent Variable: GROWTH

b. Predictors: (Constant), CONTENV

Source: Field Survey, 2023

Where

CONTENV: Control Environment

Table 3 shows the model summary of the test of hypothesis one whose alternate hypothesis states that control environments have influence on growth (membership size) of Multipurpose Cooperatives in Anambra state. From the analysis, it is seen that the correlation coefficient as represented by R is .972 and the coefficient of determination as indicated by R-Square is .944. From the result, it is seen that the F Statistics is 4903.362 and the probability value (P-value) as represented by sig is .000. Judging from this using the decision rule, the alternate hypothesis will be accepted because the p-value is less than the level of significance used (0.05). Going by this, it is shown that control environments have positive influence on growth (membership size) of Multipurpose Cooperatives in Anambra state.

Table 4: Correlation Result for relationship between segregation of duty and fraud reduction

		SEGREGATION	FRAUDRED
SEGREGATION	Pearson Correlation	1	.965**
	Sig. (2-tailed)		.000
	N	291	291
FRAUDRED	Pearson Correlation	.965**	1
	Sig. (2-tailed)	.000	
	N	291	291

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

Source: Field Survey, 2023

Where:

FRAUDRED: Fraud Reduction

Table 4 shows the correlation analysis result for hypothesis two whose alternative hypothesis states that there is a significant influence between segregation of duty and fraud reduction in Multipurpose Cooperatives in Anambra state. From the result, the correlation coefficient (r) is .965 and the p-value is .000. Going by this, the alternate hypothesis is accepted because the p-value is less than the level of significance used (P-value < .05). It is therefore, stated that there is a statistically significant positive relationship between segregation of duty and fraud reduction in Multipurpose Cooperatives in Anambra state.

Table 5: Regression Result for extent to which management's policies on reserve funds affects working capital

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Mean Square	F	Sig.
1	.872 ^a	.884	.885	.856	3981.103	3103.233	.000 ^b

a. Dependent Variable: WKNCAP

b. Predictors: (Constant), MPOL

Source: Field Survey, 2023

Where:

MPOL: Management Policies

Table 5 indicates the model summary of the test of hypothesis three whose alternate hypothesis states that management policies on reserve funds have effect on working capital of Multipurpose Cooperatives in Anambra State. From the Table, it is revealed that the R is .872 and the R-Square is .884, F Statistics is 3103.233 and the P-value is .000. Going by this, therefore, and in accordance to the decision rule, the alternate hypothesis will be accepted because the p-value is less than the level of significance used (0.05). This shows that management policies on reserve funds have positive influence on working capital of Multipurpose Cooperatives in Anambra state.

Table 6: Correlation Analysis for business review and survival

		BPR	SURVIVAL
BPR	Pearson Correlation	1	.986**
	Sig. (2-tailed)		.000
	N	291	291
SURVIVAL	Pearson Correlation	.986**	1
	Sig. (2-tailed)	.000	
	N	291	291

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

Source: Field Survey, 2023

Where:

Table 6 reveals the correlation analysis result for hypothesis four which states in alternate form that business performance review has significant influence on survival of Multipurpose Cooperatives in Anambra State. From the result, the r is .986 and the p-value is .000. Judging by this, the alternate hypothesis is accepted because the p-value is less than the level of significance used (P-value < .05) and it is, therefore, stated that business performance review has a statistically significant relationship with survival of Multipurpose Cooperatives in Anambra State.

5. Summary of Findings

- Control environments have a statistically significant positive influence on growth (membership size) of Multipurpose Cooperatives in Anambra state (R = .972; R-Square = .944; F-Statistics = 4903.362; P-value < 0.05).
- There is a statistically significant positive relationship between segregation of duty and fraud reduction in Multipurpose Cooperatives in Anambra state (r = .965; P-value < 0.05).
- Management policies on reserve funds have a statistically significant positive effect on working capital of Multipurpose Cooperatives in Anambra state (R = .872; R-Square = .884; 3103.233; F-Statistics = 4903.362; P-value < 0.05).
- Business review has a statistically significant relationship with survival of Multipurpose Cooperatives in Anambra State (r = .986; P-value < .05).

5.2 Conclusions

Businesses have been known in the past to go bankrupt or close down, irrespective of the size of the businesses. That is, but small and big businesses face the challenge of survival. Cooperative societies as a form of business are not immune from this unwanted end of to business operations. One of the mechanisms that have been used in the past to checkmate recklessness of owners and board members in businesses is internal control system which include using perspectives on cooperative activities, organizational and business supervision, supervision of financial capital which leads to assuring an organization's objectives in operational effectiveness and efficiency, reliable financial reporting, and compliance with laws, regulations, and policies. This study therefore, concludes based on the findings that internal control system has a statistically significant effect on financial performance of multipurpose cooperatives in Anambra State.

5.3 Recommendations

Following the findings of the study, the following are recommended:

- That the management and board members of the studied cooperative societies put in more control measures in place as this will go a long way in increasing the membership strength of their cooperative societies and make for more earnings for the members and the societies at large. Managements should create a positive control environment essential for attracting new members and building trust in their business. This can be achieved through adopting the principle of transparency in their activities, adhering to regulatory laws, maintaining brand reputation management and community engagement.
- That segregation of duties is a veritable tool in detecting and preventing fraud, hence, more segregation of duties needs to be introduced and supported so as to further reduce extravagant and unchallenged spending and fraud in the system.
- That the management of cooperative societies need to be more intentional in making policies in the area of retained earnings to make for greater opportunities for investment with the increased retained earnings which will improve their profitability and working capital of the cooperative societies. Management can be intentional in making policies through planning and regular review of budget to ensure that it aligns with the organisation's financial goal and avoid wastage.
- Business review needs to be more frequent and rigorous so as to take corrective steps on time where and when needed. Review of business performance can be achieved through conducting SWOT analysis where the strengths, weaknesses, opportunities and threats are identified and areas that require attention are handled.

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