

Internal Auditing and the Performance of State-Owned Enterprises in Emerging Markets

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Abstract : The inimitable role of the internal auditing, challenges and the predicament of state-owned enterprises in emerging markets are acknowledged. Study sought to address the inter-related questions, about how does IAF complement the performance and sustainability of SOEs? How can effective IA control systems be implemented to improve the performance results and culture of SOEs in Namibia? The weaknesses inherent in the SOE sector, unfortunately, impacts on the IAF ability to effectively support the SOEs. Despite these challenges, the study has unearthed IAF potential capabilities to contribute to SOE survival in Namibia by complementing the governance practices of the sector. Using a quantitative research approach, the dataset was collected and analysed from SOEs to confirm the role of the internal auditing function (IAF) as an indispensable concomitant of SOE performance. The study adopted a data approach supported by the literary evidence, which enabled generalisation and connectedness of the issues being addressed. The outcome of the data analysis contributed to achieving the results, which are discussed and eventually support the conclusions reached. Results show that the intractable task of internal auditing depends on the leadership of the board of directors of the SOEs. Study also revealed critical priorities needed to influence policymakers and oversight bodies to overcome the iniquities influencing SOE operations, understand and embrace IAF to salvage a sector that has a lot to offer and yet is severely mismanaged. Results support literature on IA's contribution to SOE development from a developing country's point of view and is the first of its kind in Namibia. Findings suggest ways to possibly enhance knowledge development of future researchers and 'wet their appetite' for further research in emerging markets and on a global scale.

Keywords : internal auditing activity, state-owned enterprises, emerging markets, auditing function

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