AN INVESTIGATION OF FINANCIAL PERFORMANCE AND ACCOUNTING PRACTICE AT TRANSNAMIB HOLDINGS LIMITED

A THESIS SUBMITTED IN PARTIAL FULFILLMENT

OF THE REQUIREMENTS FOR THE DEGREE OF

MASTER OF SCIENCE IN ACCOUNTING & FINANCE

OF

THE UNIVERSITY OF NAMIBIA

BY

SAKEUS KAPENAMBILI

200613715

APRIL 2021

MAIN SUPERVISOR: PROF. HEIKKI HEINO

ABSTRACT

The overall aim of this study was to investigate the financial performance and accounting practice at TransNamib Holdings Limited. To achieve this aim, this case study had the following specific objectives formulated: to investigate factors that influence financial performance by performing an in-depth analysis of the causes of the recurring operating losses at TransNamib Holdings Limited and also, to study the financial performance and accounting practice at TransNamib Holdings by reviewing their annual financial reports for 2014 to 2019 financial periods. Purposive Non-probability sampling method was employed to derive the sample respondents for the study. The instrument used for data collection was a self-administered questionnaire. The main study findings revealed that financial performance at TransNamib Holdings was very poor, there were no annual financial reports produced by TransNamib Holdings Limited for the financial periods of 2014 to 2019. It was also discovered that the governing body and senior management at TransNamib Holdings Limited lack accountability and responsibility moreover; they were not held accountable for the poor financial performance of the company. The study established that poor financial performance at TransNamib Holdings Limited was caused by a lack of planning, lack of expertise, and weakness in the stakeholders' oversight with regards to holding the governing body and senior management accountable for poor financial performances. The study concluded that accounting practice at TransNamib Holdings Limited was inconsistent and incompatible with the GAAP, IFRS and other relevant accounting standards. The study, however, recommends that TNHL should create an internal audit department and that the company should hire full-time personnel with a specialized qualification in the field of finance or accounting such as Chartered

Accountancy, CIMA qualification, ACCA or CFA to aid driving the organization's performance positively. The study further recommends that the members of the governing body and senior management should be well qualified.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

ACRONYMS

AFRs	Annual Financial Reports
CF	Conceptual Framework
CIMA	Chartered Institute of Management Accountants
GAAP	Generally Accepted Accounting Principles
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
IPPR	Institute for Public Policy Research
PwC	Price watershouse Coopers
SOEs	State Owned Enterprises
TNHL	TransNamib Holdings Limited

ACKNOWLEDGEMENTS

The accomplishment of this thesis is a direct consequence of the disparagements, contributions and assistance of associates and relatives. Nonetheless, the contributions of the following individuals were especially appreciated, and, therefore, they are worth special mentioning. I, therefore, wish to express my heartfelt gratitude to the following persons: Firstly, my supervisor, Professor Heikki Heino, for his thoughtful guidance during the writing process of this thesis. I also wish to thank my colleagues and friends, Tulonga Shaalukeni, Junias Erasmus, and special thanks to Magdaleena Kambindji for her continual moral support and motivation. I would like to thank Meme Hilma Kapenambili always being there for me, mentoring me and for her patience and her unwavering support till I became the person I am today, I am very grateful. I also would like to thank the School of Accounting, the Faculty of Economic and Management Sciences and the University of Namibia at large for granting me the opportunity to further my studies and increase my knowledge.

Above all, I thank God for once again granting me the wisdom and strength to complete this thesis. To him be the glory!

DEDICATIONS

I dedicate this thesis to my late Grandmother Kuku (Gwanayi) Taimi Tertu Shapaka, she passed on during my first year of this Master's Degree and that week I was preparing to write the May/June examinations. Grandma! You have been a strong and gentle pillar of strength in my life. Your essence of love, kindness and dedication to pursuing excellence shall forever live with me. I will surely miss your humour and fine sarcasm. Your spirit shall live on forever, rest in everlasting peace Grandma.

DECLARATIONS

I, Sakeus Kapenambili, hereby declare that this study is a true reflection of my research and that this work or any part thereof has not been submitted for a degree in any other institution of higher education.

I, Sakeus Kapenambili grant the University of Namibia the right to reproduce this thesis in whole or in part, in any manner or format, which the University of Namibia may deem fit, for any person or institution requiring it for study and research; providing that the University of Namibia shall waive this right if the whole thesis has been or is being published in a manner satisfactory to the University.

	……………………	…..........................
Sakeus Kapenambili	Signature	Date

CHAPTER 1: INTRODUCTION

1.1 Background of the study

At independence, Namibia like many newly independent countries embarked on a nationalization program of the country's key and strategic industries. The main purpose was for the government to have stronger regulatory powers in these sectors, and to generate revenue from these industries that would be used to advance the socio-political agenda (Chata, 2010).

A state-owned enterprise is a legal entity set up by the Republic of Namibia to engage in business on behalf of the government (State-Owned Enterprises Governance Act No 2, 2006). Wang, Hong, Kafouros and Wright (2012) assert that governments have different reasons for setting up State-Owned Enterprise, including ideological predilection, conquest or consolidation of political or economic influence, historical heritage, inertia, and the realistic answer to economic problems. Boko and Qin (2011) argue that state-owned enterprises are indeed developed for a variety of reasons, either to encourage industrialization and stimulate economic growth or to prevent foreign control and exploitation of certain sectors of the economy. Kuugongelwa-Amadhila (2012) propounds that the primary reason for the creation of SOEs in Namibia is to act as an extension or tool of the growth policy of the government either by offering specific public goods or services or by playing a specialized regulatory role in the economy.

According to TransNamib Holdings Limited Annual Report (2013), TransNamib Holdings Limited (TNHL) is 100% owned by the Government of the Republic of Namibia established pursuant to National Transport Services Holding Company Act No. 28 of

1998. TNHL offers solutions for rail and road transport within and across the boundaries of Namibia. Railway transport is renowned for its efficiency, safety and security features, and its ability to travel distances with ease and lower unit costs (Amando, 2016).

To maintain their activities, State-Owned Enterprises in Croatia are expected to set their prices for goods and services based on operating costs (Institute of Public Finance of Croatia, 2018). Although Hellman and Schankerman (2014) stress that the precise effect of political influence on SOE's financial performance depends on the nature of each state-owned enterprises, Mwaura (2017) argues that SOEs operations are affected by various factors, and the inherent relation between their administration and the country level of political interference is one that should not be ignored.

TNHL Annual Report (2013, p.5) states that "the company aims to offer fair returns to its shareholders through the reduction of operational cost whilst increasing the revenue", but the annual reports for 2012 and 2013 financial periods revealed that TNHL has been operating at financial losses. In 2015 TNHL was given N$400 million by the government to maintain its operations as a short-term measure (Iikela, 2018). In spite of large funds invested in the parastatal, Iikela (2018) further reports that TNHL presented several turnaround strategies that required millions of taxpayer`s money during 2012 to 2017 financial periods, but none of them yielded any tangible results. Limbo (2019) further reveals that some SOEs in Namibia such as TNHL are often under-resourced, lack internal checks, overspend, ask for more government funding and a lack of financial accountability.

Grobler (2012) reports that out of the 53 SOEs in Namibia, only 3 SOEs reported a profit in 2013. Shipanga and Strompen (2010) also discover that most of the SOEs in Namibia lack sound financial performance despite the government's financial injections. Grobler (2012) further stress that it is not only TNHL that has been in serious trouble, it is sister company Air Namibia has swallowed up subsidies of more than N$3.6-billion in the past 10 years and showed no sign of returning to profitability. Ash (2015) reports that TNHL paid N$ 71 Million (US$ 5.9 Million) for the refurbishment of five locomotives by a South African company, Transnet Engineering, this was done with the expectation that the deal would boost the railway's fleet of operational units by more than 20%. However, Ash (2015) further reveals that barely 18 of the 70 TNHL Locomotives were operational in late mid-2015 and those that were running were in a terrible state.

SOEs in South Africa are required to prepare annual financial statements in line with International Financial Reporting Standards and the Generally Accepted Accounting Practices (International Monetary Fund, 2016). Namibia is a neighbouring country to South Africa, and Section 26 (1) of the State-Owned Enterprise Governance act No. 2 (2006) stipulates that the board of a State-owned enterprise must as soon as possible, but in any case not later than six months after the end of each financial year of the SOEs, submit an annual report on the operations of the State-owned enterprise in that year concurrently to the portfolio Minister and the Council.

During 2012 and 2013 financial periods, TransNamib Holding Limited complied to section 26 (1) of the State-Owned Enterprise governance act, however, the company obtained qualified audit opinions in the two financial periods due to different reasons. For example, during the 2012 audit, some of the selected transactions amounting to a total of

N$ 5.3 Million recorded on the generals ledger of TransNamib Holdings Limited were not accompanied by all the relevant documents such as, there were no original invoices but only proforma invoices. There were duplicate payments made; payments were made on quotations and notably a lot of invoices were not in TNHL name (TransNamib Holdings Limited Annual Report, 2012). In the 2013 Financial Year, PWC (2013) discovered that TNHL had fixed assets detailed list from where some items were selected for physical verifications, still, most of these assets were not recorded in the trial balance of TNHL, moreover, some of the vehicles were not registered in TransNamib name, but they are recorded as part of TransNamib Assets.

Mbako (2017) advocates that independent audit of SOEs annual financial statements should be conducted in line with the International Standards on Auditing so that there is reliability which is an important prerequisite of sound financial practice. However, IPPR (2020) reveals that from 2014 to 2019 there was no sufficient information made available to the public about the state of TransNamib Holdings Limited because the company have never prepared the Annual Reports for its six years' operating period as a result, there were no audited Financial Statements from 2014 to 2019 operating periods.

According to IPPR (2020), *Report on Public Enterprises Ranking,* TransNamib Holdings Limited was ranked at number 15 out of 21 public enterprises that were ranked. The rankings were based on 21 commercial SOEs, and the assessment was done to determine the best performing SOE using the information made available to the general public (IPPR, 2020). During this ranking, TNHL scored 30%. IPPR (2020) further stresses that TransNamib Holding Limited scored poorly because the amount of public information about the condition of the company is so poor. TNHL does not contribute to the National

Budget. The company have been the subject of endless mismanagement and personal spats between its board, senior management and ministers.

It is therefore against this background that this study was set to investigate the financial performance and accounting practice at TransNamib Holdings Limited for 2012 to 2019 financial periods.

1.2 Statement of the problem

The government of Namibia is directly investing money into public enterprises to get returns on such investments. During the 2012 financial year, TNHL recorded an operating loss of N$ 67.2 million (TransNamib Holdings Limited Annual Report, 2012). Moreover, TNHL Annual Report (2013) publicizes that the operating losses as at 31 March 2013 accumulated to N$ 557.1 million.

IPPR (2020) stresses that the amount of information availed to the public about the state of TNHL was abysmal. Indeed, there was only 2012 and 2013 Annual Reports prepared and made available to the public. Examination of the annual reports for the financial periods 2012 and 2013 reveal that TNHL did not generate favourable revenue to sustain its operating costs and the company obtained qualified audit opinion during the 2012 and 2013 financial periods.

1.3 Objectives of the study

The primary objective of this study was to investigate the financial performance and accounting practice at TransNamib Holdings. The specific objectives of the study were:

- To investigate factors that influence financial performance by performing an in-depth analysis of the causes of the recurring operating losses at TNHL.

- To study the financial performance and accounting practice at TransNamib Holdings by reviewing their Annual Financial Reports (AFR) for 2014 to 2019 financial periods. The review of the AFR could not be done because, during the research process the researcher discovers that TNHL have never prepared or produced Annual Financial Reports since 2014 until 2019.

1.4 Significance of the study

The findings of this study will assist TNHL in implementing procedures that can effectively enable the entity to achieve main objectives and to generate sufficient revenue to sustain its operations. The study will provide significant insight to policymakers by proposing a state-owned enterprise management framework that can boost financial performance and appropriate accounting practice for TNHL and other SOEs in Namibia.

This study is based on a Namibian company, therefore, this study will add to the needed international insight into the theory and knowledge of financial performance and accounting practices in SOEs. Furthermore, the study will contribute to the body of knowledge and improve the economic development of Namibia.

1.5 Limitation of the study

The respondents in this study are TNHL employees, management and members of the governing body, no external stakeholders. There is no enough literature in Namibia to inform an academic inquiry on the phenomenon, however, in the past, AFR was also used and in this study, only 2012 and 2013 AFR were prepared and made available to the public. The study solely focused on 2014 to 2019 operating periods. There were no AFR prepared for the financial period 2014 to 2019, but the research questionnaires administered and completed by respondents produced sufficient information needed for the study. Due to the limited time frame and the vastness of Namibia, this study confined itself to the Head Office of TransNamib Holdings in Windhoek.

1.6 Definition of terms

The following terms relate to the study and should be understood as such.

1.6.1 Financial Performance

In a broader sense, financial performance refers to the degree to which financial objectives being or has been accomplished; therefore, financial performance can be positive or negative (Metcalfe, 1976). Hellman and Schankerman (2017) define financial performance as the engagement of financial pointers to be able to calculate the magnitude to which objectives, mission and values of any entities have been accomplished and availability of financial reserves, while Rutagi (2016) describes the financial performance as how effectively firms operate.

1.6.2 Accounting practice

Gouws and Cronje (2008) argue that accounting practices include all practices and procedures used to capture and screen all financial transactions or data to make financial information more understandable and according to Belkaoui (2004) accounting practices are based on industry practices and the literature, for example, textbook and journal articles, however, Staubus (1995, p.96) argues that “the criteria on which accountants decide to account for, or ignore, events are not clearly stated in the authoritative literature of accounting”. Beattie and Jones (2001) expound that accounting practices include observing and discovering events, recording such events (for example, by identifying and recognizing) and classifying, measuring and reporting such events. Wolk, Tearney and Dodd (2000, 137) concur that accounting practices include postulates, axioms, assumptions, doctrine conventions, constraints, principles and standards use by accountants to capture and screen all financial transactions.

1.6.3 Qualified Audit Report

Henderson (2019) defines a qualified audit report as a situation when a company's financial records have not been maintained or presented in accordance with GAAP but no misrepresentations are identified. Henderson (2019) further elucidates that the writing of a qualified audit opinion is extremely similar to that of an unqualified audit opinion. However, a qualified audit report usually includes additional paragraphs that highlight the reason why the audit report is not unqualified.

Lenghel (2015) defines qualified audit opinion as a report that is expressed by an auditor when there is sufficient appropriate audit evidence collected and the auditor concludes that the misstatements of information presented in the annual financial statements are very significant, but not ubiquitous.

When the auditor is unable to obtain sufficient appropriate audit evidence, and concludes that the possible effect on the annual financial statements of undetected misstatements could be significant, but not permanently (Henderson (2019).

A qualified audit opinion is an opinion formulated when the auditor believes that the overall annual financial statements present a fair picture of the state of affairs of the company, accounts present misstatement individual or aggregate but not permanent (Lenghel, 2015).

1.6.4 Governing Body

King Code of Governance King IV (2016) describes the governing body as a structure that has the primary accountability for the governance and performance of the organization, it includes among others, the board of directors of a company, the board of a retirement fund, the accounting authority of the state-owned enterprises and municipal council. As for this study, the governing body refers to the board of directors at TransNamib Holdings limited.

1.7 Chapter Summary

In this chapter, the researcher highlighted the background of the study, the phenomenon being investigated, in addition, the chapter further provided the research objectives and highlighted its significance in terms of providing recommendations and the all other relevant information relating to this study.

CHAPTER 2: LITERATURE RIVIEW

2.1 Introduction

This chapter focuses on the studies conducted by other researchers. It is of importance to benchmark with various authors and researchers in order to obtain views on the problem being investigated and to make comparisons to the current situation in Namibia. This literature provides a meaningful discussion with regards to the investigation of the financial performance and accounting practice within the SOEs.

Limbo (2019) argues that the efficiency of any organization’s top management team is measured by the performance of the company hence reflecting the role of every individual working in the company and performing a particular task. However, Henderson (2019) is of the view that performance is the indicator of how efficiently the organization is managed and how effectively and efficiently the human and other resources are utilized in the firm. There are two types of firm performance, financial and non-financial performances. In this study, the focus is more on financial performances.

2.2 Theoretical Financial Performances Perspective

Financial performance of any company shall be tracked and handled in compliance with key performance metrics such as income, return on equity and solvency (CIMA, 2012). Mbako (2017) argues that SOEs financial performance measures are broad and include; Profitability measures, Efficiency, Liquidity and Solvency. Wier (2016) notes that accounting-based financial performance measures comprise different ratios, such as the targeting and efficiency ratios formulated in the organization's annual financial reports.

Limbo (2019) posits that financial performance is calculated through a thorough analysis of the financial position of the company. These arguments are also supported by Adeusi, Akeke, Aribaba and Adebisi (2016) who believe that financial performance can be measured by using investment measures such as return on assets and return on equity.

Helfert (2003) claims that the financial performance metric is based on the accounting information obtained from the company's annual reports and is often criticized for being focused on past financial results, with limited scope for encouraging potential explorations. Nevertheless, Drury (2018) argues that financial performance measures remain very common and important since, rather than simply financial performance measures, some of the ' return-based ' indicators help to demonstrate the efficiency of capital use and the magnitude of opportunity costs as well as the level of risk taken into account in the pursuit of business opportunities.

Mbako (2017) asserts that the SOEs financial performance metrics are based on financial performance indicators that include: measures for productivity, efficiency, liquidity and solvency. Various studies have implemented different approaches to assess financial performances within SOEs, and this is attested by Wan (2016) who indicates that different performance indexes are available. Anyone of them can be chosen to gauge the financial performance of organizations thus selection of the method to employ hinge on the interest of the researcher. Mazzarol (2014) expounds that the main causes of operating financial losses in the SOE in Sub-Saharan countries are; lack of expertise, poor planning, poor financial management practices; incompatible accounting information systems; incompetent management policies and the fact that contracts have always been rendered at inflated prices by unethical corrupt officials within the SOEs.

In addition, Limbo (2019) finds that the mandates and objectives provided to the SOEs are often too vague and lack monitoring and assessment mechanisms. Maurihungirire (2016) stresses that most of the SOEs in Namibia are facing enormous challenges, such as manpower, degraded infrastructure, outdated equipment, lack of innovation, ineffective internal control, systems, rising operating costs, high maintenance costs and poor service delivery. Such problems have led to a sharp decline in sales rates, a rise in operating costs, a reduction in market share and, as a result, poor financial results (Maurihungirire, 2016).

Mbako (2017) claims that Botswana Railways Corporation had 20 per cent of its locomotives defective in 2013, however, they retained a sound financial position, this is contrary to TransNamib Holding's view that 70 per cent of its locomotives were operating during the 2013 financial year, their financial performance has never improved (TransNamib Holding Limited Annual Report, 2013). Mo et al. (2012) find out that financial performance is affected by the help and guidance that leadership offers workers.

Mo et al. (2012) determine that ethical leadership is a key variable in improving organizational financial performance. This assertion is supported by Mbako (2017), who also alluded that there is a connection between business failure and ethical failure in organizations. Mo et al. (2012) further uses the Enron corruption case as an example of top management engaged in unethical behaviour that adversely affected companies and workers. Limbo (2019) emphasizes that poor financial performance of state-owned enterprises has often been attributed to weak and unethical management practices of the CEOs and governing bodies of these institutions, while the World Bank's (1995) bureaucrats in business ' thesis advances the opposite view, i.e. that bureaucrats running state-owned enterprises should not be blamed for all the ills of these institutions.

2.3 Elements of financial performances in State-Owned Enterprises

Muogbo (2013) clarifies that a company's financial performance is closely related to the implementation of strategic planning, which would increase the quality of day-to-day activities and will enhance the company's financial results. Kikeri (2013) describes five governance-related concerns that have persistently contributed to weak financial performance by SOEs in developed countries. The governance problems which are fundamentally linked to organization theory were: vague ownership priorities, unreliable shareholders, low standards of accountability, lack of board integrity and poor stakeholder relationships (Kikeri, 2013).

According to Muogbo (2013), a company's financial output is described as a subjective indicator of how well it can use its assets to produce revenue. However, according to Mbako (2017) the conventional approach of financial management, the company seeks to increase the rate of return on equity in the long term, taking due consideration of the profitability and solvency dimensions of the company, under the constraints placed by the risk. Mbako (2017) further identified competition as another determinant of financial performance in their study: Exploring the impact of market dynamics on SOE efficiency, and specifically, that competition can be counterproductive to SOE results.

The above views are consistent with observations of other researchers who argued that pricing continues to compress operating margins. Lee et al. (2013) found that dependence on state debt funding is negatively linked to state-owned enterprises performance. According to Limbo (2019), the optimal utilization of resources was found to improve SOE efficiency in favour of the resource-based hypothesis: therefore, a strong correlation occurred. Lee et al. (2013) analyze the financial performance of an organization in terms of economic efficiency, financial results and service quality, versatility, usage of capital and creativity.

2.3.1 Political Interference

Mwaura (2017) emphasizes that SOEs operations are affected by different factors and that the inherent relation between their administration and the country's level of political cycles cannot be ignored. This view is in line with what Smit (2011) stresses: the political influence on the SOEs in Namibia contributes to poor performance within the SOEs therefore. Hellman and Schankerman (2014) expound that the precise impact of political influence on SOE's financial performance depends on the nature of each state-owned enterprise. However, Limbo (2019) unearths that Namibian SOEs ' process of appointing senior managers has become politicized to the extent that political patronage has created a culture that protects poor performers and those engaged in corruption from exposure as their political ties outweigh the need for accountability.

Furthermore, the IPPR (2016) identifies political patronage, moral hazard and a culture of secrecy and poor recordkeeping as issues related to corruption in the SOE sector. Namibia's SOE and government appointment processes of senior management, especially the CEOs positions within SOEs have been politicized since independence (IPPR, 2016). IPPR (2016) further stresses that in some cases, personal affiliation and connectedness have trumped experience, skills and expertise when it comes to appointments of SOEs managing directors in Namibia. Limbo (2019) argues that this practice results to political protection and interference heighten the risk of corruption within SOEs and lower the probability of detecting poor performances within the SOEs ultimately the taxpayers through government is consistently and continuously called on to bail out some SOEs in Namibia.

2.3.2 Employee`s Motivation

According to Mwaura (2017), there's a clear link between workplace engagement and an enterprise's financial results. Moreover, Limbo (2019) notes that motivation of staff increases customer satisfaction, which is a significant element in financial performance. Liu et al. (2012) also elucidate that the foundations of customer loyalty are based on employee motivational levels and consumer satisfaction as motivated workers tend to increase their quality of their services, which eventually leads to better financial results. If an organization knows how to inspire its workers, it can push them to give their best output in terms of quality and quantity (Limbo, 2019).

Mbako (2017) suggests that it is only by ensuring a committed staff that an organization can ensure that the delivery period of its goods or services is shortened to the shortest so that consumers are still awaiting a new version before a new product is launched. Research undertaken by Cunha et al. (2013) disclosed that in Brazil, there is a strong link between workplace engagement and financial success and that companies that neglect their workers efforts typically end up in financial losses. In accordance, Amando (2016) articulates that employee participation may have a positive or negative effect on a company's financial performance because employees are the deciding factor between successful and ineffective organizations.

Moreover, Westover and Taylor (2010) suggest that if organizations enhance their employee's efficiency and effectiveness through inspiration, it will eventually increase its financial performance. Liu et al. (2012) have clarified that the foundations of customer loyalty are based on employee engagement and customer satisfaction rates because the main result of satisfied workers is that they continue to improve their quality of work, which ultimately leads to better financial performance. Maurihungirire (2016) concludes that when a business knows how its workers can be empowered, it can drive them to achieve their maximum quality and quantity production, which eventually positively impacts the financial performance of the company.

Cunha et al. (2013) explained that there is a strong correlation between workplace engagement and financial performance and that companies that neglect employee contributions end up with financial losses. However, Liu et al. (2012) discovered that SOEs with highly motivated workers and high-level incentive approaches achieved better financial performance than those with lower motivation levels. Therefore, Courtney et al. (2009) concluded that SOEs should treat employee's engagement with the same importance as productivity, customer loyalty and other critical business performance indicators that are routinely used to track and assess client financial performance.

2.3.3 Risk Management Systems

A solid risk management system is critical to the successful operation of any company. Chata (2010) suggests that public enterprises should implement a risk management framework that develops more efficient business operations and consequently has a positive impact on financial performance. King IV (2016) stipulates that a robust risk management framework should be developed by the governing body to ensure that risks are mitigated and that the goals of the company are met; that the monitoring process should also set the tone of the company and protect ethical values, the culture of management and the performance of employees; that risks should be measured on an ongoing basis and that control measures should be carried out.

Chakraborty (2015) acknowledges that risk management has become a critical issue in all companies and indeed organizations need to have a robust risk management strategy in place to handle potential risks promptly. King IV (2016) further discusses the need for the governing body to define key risk areas and key company performance measures and to track those factors as part of a regular review of processes and procedures to ensure the efficacy of its internal control systems so that its decision-making and reporting quality are preserved at a high level at all times. CIMA (2012) certifies that management reports should be issued to the government body, and these reports should provide a fair evaluation of significant risks and the efficacy of the internal control system in handling such risks.

According to CIMA (2012), at PR, the responsibility for risk assessment and policy development rests with the railway board of unqualified civil servants with limited knowledge of railway operations and these are typically shifted too often within the SOEs for political and administrative purposes. This resulted in an ad hoc implementation of risk management and planning without concrete and coherent policy options. Chakraborty (2015) further claims that due to the lack of a standard accounting information system, owners/managers and governing bodies of many SOEs frequently take very difficult decisions about credits and assets, for example, a large number of items are bought from Pakistan Railways without identifying their actual needs and thus significant amounts of money is lost.

2.4 Measuring Performance within State-Owned Enterprises

Measuring organizations efficiency is a controversial issue of organizational science. The specific nature of the topic makes it one that must always be followed within the context of the studied phenomena (Helfert, 2003). Performance assessment takes into account the results of management decisions at the most fundamental level, and also the pace at which an entity performs these decisions. Since management decisions are contextualized to the organization's goals and its setting, any chosen criteria for assessing success will reflect the particular circumstances of the company being examined (Cunha et al., 2013).

In the context of the current research, such a definition of financial performance assessment is rather important as the design of the entities in question is of a distinctive nature. The SOEs usually deliver on government mandate, to create employment and to generate revenue that would be used to advance the socio-political agenda. The performance measure would include the government objectives me by the SOEs. Furthermore, SOEs provide the state with the means to direct investment in order to redress past imbalances and to create the infrastructure required to stimulate economic growth.

In some conutries, SOEs are often saddled with ambiguous goals that ought to be carefully dissected between those of an economic nature and those of a social nature. It is indicative of the need, in particular, for SOEs to implement broad-based performance measures. In order do so; an approach that will incorporate multiple viewpoints within a common topic should be embraced. Cunha et al. (2013) stressed that such a strategy should unify financial and non-financial measures.

2.4.1 Financial Performance Measures

These are primarily focused on accounting knowledge and are frequently blamed for being past-oriented, with little scope to support future explorations (Helfert, 2003). Financial metrics, however, remain very common and important, because, rather than simply success indicators, some of the 'return-based' metrics help explain flexibility in the use of money, and the magnitude of the cost of opportunity and the amount of risk accommodated in search of investment opportunities (Drury, 2018).

Chakraborty (2015) clarifies that before deciding whether to invest or proceed with any investment or operating action, each entity and numerous stakeholder groups such as executives, owners, investors, tax authorities and others are seeking answers to various questions, including the following two important questions: What is the company's financial position? And how is the firm's financial performance over a given timeframe? Such questions can be answered only with the aid of a firm's financial performance review. Furthermore, Mbako (2017) claims that SOEs financial performance measures include the calculation of profitability ratios, efficiency ratios, liquidity ratio and solvency ratios and all these calculations are carried out using the information obtained from the annual financial statements.

The priorities in several related groups are influenced by a company's financial performance, so these groups evaluate the company's financial performance through the annual financial statements. According to Trivedi (2014), financial analysts and numerous concerned groups frequently evaluate the growth and efficiency output of the company’s profitability performance, liquidity performance, the performance of working capital, the performance of fixed assets, performance of fund flow and social results. Therefore, the financial performance of TNHL was assessed from the following viewpoints in the present study: Working Capital Analysis, Financial Structure Analysis, Analysis of Operations and Profitability Analysis.

Trivedi (2014) further claims that the types of financial performance analysis differ according to the specific interest of the groups involved, for example, exchange creditors: interested in the company's liquidity; bondholders: interested in the company's cash flow capability, investors: interested in the current and expected future profits as well as the quality of those earnings..

Trivedi (2014) notes that the objective of the annual financial statements is to provide an overview of the financial aspects of the company. The annual financial statements shall reflect a condition at a time such as in the case of a Statement of Financial Position, or may show a trend or sequence of events over a given period, as in the case of a Report of Financial Trend and Other Comprehensive Revenue. Schniederjans (2014) notes that the annual financial statements include the Statement of Financial Position, the Statement of Financial Performances and Other Complete Revenue, the Statement of Cash Flow and the Statement of Changes in Equity, however, according to Trivedi (2014), the word ' Annual Financial Statements generally refers to two specific statements: Statement of Financial Position and Statement of Comprehensive Income.

The Balance Sheet shows the financial position (condition) of the firm at a given point of time. This gives a snapshot and can be displayed as a static image. The balance sheet is a description of the financial position of the company on a given date that shows Total assets= Total liabilities + Owner's equity (Helfert 2013). Helfert (2013) also notes that the income statement (also referred to as the profit and loss statement) represents the performance of the company over a period of time. Trivedi (2014) further suggests that the annual financial statements do not disclose all the facts related to the company's financial activities, but provide some useful details that highlight two important factors of sustainability and financial soundness.

The common idea that SOEs have important development goals to pursue is an indicator that these enterprises have a greater responsibility than simply reducing them to profitability. It is therefore proposed in this study that the review of annual financial statements is an essential aid to the analysis of financial performance. It is also noted that the financial performance reports require an overview and evaluation of the annual financial statements in such a way as to make a full assessment of the viability and financial soundness of the company.

2.4.2 Non-Financial Performance Measures

Non-Financial Performance Measure is not the focus of this study. The objectives of the companies are not only to make profit, there are also other elements that can be used to measure the performance of any SOEs and this will be discussed below;

These assessments concentrate on the company's non-financial aspects but can integrate operating statistics with accounting information and other economic information. A very distinctive characteristic of such measurers derives from the belief that high non-financial success continues to contribute to strong financial results in the future (Lee et al., 2013) thus the importance of monitoring these patterns in business performances.

Chata (2010) agrees that public organizations should not only assess their success through profit-making, but also measure performance through other non-financial metrics. One of the non-financial performance metrics that an organization may use is the quality of its goods or services delivered, and public entities may also use the policy objectives that the company has accomplished during that time of activity.

However, undue emphasis on non-financial success metrics may lead to some major effects that can in effect undermine success assessment intentions; first, they appear to generate some omnipresent opportunities while focusing shifts on achieving discrete targets while sacrificing on more strategic objectives (Brigham & Houston, 2012). Third, they can be difficult to systematically quantify in a timely and accurate way (Hadija & Samuel, 2012). Nonetheless, performance assessment focused on non-financial measures appeals to SOEs in terms of the tradeoffs that always and continuously need to exist between financial (commercial) and non-financial (social) performance outcomes.

According to Limbo (2019), Non-financial metrics may be classified into three broad categories: 1) Internal Operating Metrics (e.g. worker efficiency, system output and manufacturing volumes); 2) Employee-oriented Measures (e.g. employee loyalty, employee engagement and workforce development) and 3) Customer-oriented Measures (e.g. market share, customer growth and customer happiness), all of which can be classified into three broad categories.

2.4.3 The Integrated Approach

According to Henderson (2019), the two methods (Finanacial Perfomance Measure and Non-Financial Perfomance Measure) are deemed to be complementary rather than competitive, owing to the value of both financial and non-financial measures, as well as their respective shortcomings and advantages. Moreover, Adeusi et al. (2016) elucidate that many integrative approaches to performance assessment have arisen, the most common being the Balance Score Card which benefits coherently from both approaches. The Total Factor Productivity, a type of econometric methodology, should also be seen as being integrative. Such an adaptive approach tends to be most applicable in an SOE setting where success goals are two-, i.e. social vs economic targets (Mazzarol, 2014).

2.5 Theoretical Review of Accounting Practice

Accounting practices create accounting knowledge which is presented in annual business reports (Gouws & Cronje, 2008). Gouws and Cronje (2008) also enunciate that the main findings of accounting practices are the corporate annual financial statements which consist of two parts: the Statutory Requirements section and the Contextual Reporting portion. However, Adeusi et al. (2016) propound that accounting practices include all procedures generating some details reported in both the standard accounting section and the company annual reports history section.

The International Monetary Fund (2016) indicates that South Africa's SOEs are expected to file annual financial statements in compliance with International Financial Reporting Standards and General Accounting Practices. Likewise, in Pakistan and according to CIMA (2012), the task of accounting and finance staff is primarily to collect the organization's financial information and balance the books, but CIMA (2012) discovers that the majority of PR accounting and finance staff have no accounting qualifications. The IMF (2016) insists that the independent audit of the SOEs financial statements should be performed in compliance with the International Standards on Auditing to ensure that transparency is an essential condition for sound financial management.

According to Deloitte (2011), the annual financial statements have to be compiled in compliance with GAAP and International Financial Reporting Standards and should be consistently applied and backed by reasonable and prudent decisions and assumptions based on relevant accounting policies. CIMA (2012) reports that Pakistan Railway's current financial accounting and reporting scheme was formally introduced in 1940, is a cash base and the expense accounting and financial management systems are incompatible with IFRS criteria. Mazzarol (2014) notes that contradictory accounting practices are caused by conflicting financial planning, overinvestment and inadequate bookkeeping. These points are strengthened by CIMA (2012) who unearthed that there was also no systematic financial accounting manual on Pakistan Railway. CIMA (2012) further emphasizes that such forms of accounting practices leave sufficient room for the erroneous and contradictory implementation of accounting rules in various departments and between separate accounting times.

CIMA (2012) also reveals that the accounting system uses a large number of mystery accounts and these continue to appear in the final reports for years due to non-reconciliation of records. CIMA (2012) claims that this made it very difficult to critically assess Pakistan Railway's financial performance. Chakraborty (2015) submits that many SOEs do not have a formal and structured accounting system and that the factors behind many SOEs’ bad accounting practices are lack of legislation, lack of auditing, company size, ownership structure, lack of resources and lack of awareness of the importance of proper bookkeeping.

Mwaura (2017) underlines that it is very important to note that management accounting and financial management systems should be built and incorporated into any company to provide timely, reliable and comprehensive information to all levels of management or governing body in order to enable successful decision-making. Instead of this claim, Deloitte (2011) concludes that any organization's management accounting system becomes redundant when there is no framework for proper differentiation between fixed and variable service or operation costs. CIMA (2012) points to the Work Order Costing Strategy being implemented in industrial companies by randomly allocating all indirect costs to various jobs. Generic costing is also applied, but criteria are set and occasionally revised without any rational basis (CIMA, 2012).

CIMA (2012) further notes that the review of past audit reports revealed that, in many cases, the hiring of corrupt officials at inflated prices has resulted in growing losses on Pakistan Railways. Chakraborty (2015) stresses that bad accounting practices not only impact the SOEs but also cause other problems for other stakeholders relevant to the SOEs' business structure.

Pakistan Railways has suffered ongoing, annual operating losses since July 2000, rising to around 22 billion rupees ($250 million) by the end of June 2011, suggesting a poorer liquidity status for that agency (CIMA, 2012). CIMA (2012) further indicates that the main causes of these losses were described as poor financial management practices; inadequate management information system; lack of key performance indicators; incompetent management policies; and corruption as common factors in all organizations with low salary structure and political interference.

The IMF (2016) observes that government political control on SOEs over the costs of the commodities they sell and the goods and the cost price of services they render results in significant operating losses within SOEs around the globe. Therefore the following are the essentials of accounting practices:

2.5.1 Accounting Information System

Barton (2013) describes the Accounting Information System as an integrated collection of manual and computerized accounting processes, procedures and controls developed for gathering, documenting, classifying, analyzing, summarizing and providing reliable and timely financial data for management decisions. Amoako (2013) argues that accounting information systems are foundations for accurate accounts for financial reporting, this argument is supported by Fatoki (2012) who also acknowledges that accounting information systems provide information source to SOE operators, administrators and regulatory bodies to track financial transactions, operations and assess financial efficiency.

According to Barton (2012), an incompatible accounting information system leads to bad financial practice. In Namibia, various organizations and agencies of government conduct series of operations in conditions that allow them to be regulated; the financial resources dedicated to these agencies need to be accounted for. Therefore, Amoako (2013) argues that it is extremely important to review annual financial statements in order to make educated decisions on an organization's activities, furthermore having a good accounting system such as Accounting Pastel and filing appropriate documents relating to financial transaction is a key aspect of good bookkeeping in an organization.

2.5.2 Accountability

Hadija and Samuel (2012) propound that accountability is the mechanism by which an individual or individuals are obliged to reflect on the exercise of their duties to others. Adeusi et al. (2016) further elucidate that accountability is a framework for ensuring that adequate information regarding business operations is given to internal and external stakeholders by the management of an organization on performance in achieving the company's objectives. This also extends to various management groups, where subordinates tend to disclose what they are doing to their senior managers and how effective they are in meeting their targets with the financial resources allocated (Mbako, 2017).

According to Brigham and Houston (2012), management should provide updates on the progress of the company’s objectives achieved because it is their obligation to ensure accomplishment of the company’s objectives, these includes financial targets such as income, revenue rates, cost savings, etc. Although the company's shareholders are primarily involved with its growth, other stakeholders, such as staff, consumers, vendors and creditors, are also interested in assessing the company’s financial performance (Hadija & Samuel, 2012).

2.5.3 Internal Control Systems

Limbo (2019) discloses that TNHL lacks an effective internal control structure and that the organization has certain problems that include economic viability and long-term sustainability associated with operating losses and debt accumulation. There is a desperate need for internal auditors in SOEs to increase the quality of accounting practices (Adeusi et al., 2016). Chakraborty (2015) recommends that SOEs that do not have adequate financial capacity to hire full-time trained auditors/accountants should go to outsource accounting professionals to consult.

In the course of their research project, CIMA (2012) observes many instances of internal control failure, including procurement at inflated rates, pilfering of store inventory, embezzlement of railway station earnings, passengers travelling without tickets, stealing of oil from locomotives and shops, and employees claiming overtime without actually carrying out their work. These were all done with the connivance of PR officials at various levels and this resulted in a substantial increase in annual financial losses at PR.

CIMA (2012) further emphasizes that there was no internal mechanism for tracking and reviewing the repair and replacement plan of different asset products, such as locomotives and carriages, to the point where they are no longer usable due to poor maintenance. Moreover, in the course of their research project, CIMA (2012) further discovers that nearly 50 percent of train operations were suspended due to the non-availability of locomotives and carriages and this resulted in a significant gradual decline in PR earnings. Chakraborty (2015) argues that rules from an authoritative body are desperately needed to create an ecosystem of standardized and efficient accounting practices by SOEs.

2.5.4 The Conceptual Framework for Financial Reporting

The fundamental maxims of the Conceptual Financial Reporting System drawn from the general purpose of the reports include the contextual features of usable financial information, meanings of financial statements components and accrual accounting methods (Kuzina, 2013). Bala (2010) notes that the Conceptual Framework (CF) lays out the basic concepts underlying the planning and analysis of annual financial statements.

Services (2019) underlines that the Financial Reporting CF acts as a reference/foundation for standard setters in the development of future principles and as a guide for addressing accounting problems that are not addressed directly in an International Accounting Standard (IAS) or International Financial Reporting Standard (IFRS). Kuzina (2013) further expresses that both users and decision-making should be targeted at the qualitative reporting characteristics. Services (2019) also details that the qualitative characteristics of accounting information are: importance (predictability, input, timeliness), reliability (verifiability, faithfulness to interpretation, independence), comparability (uniformity, consistency) and value, in other terms, the qualitative characteristics of accounting information are properties that make information useful.

2.5.5 Contextual Accounting Practices

The AFR are prepare together with the annual reports of the companies, the AFR include financial performance and financial position of an organization, while the annual reports include economic environmental and social aspects of the activities of an entity.

Contextual accounting practices have evolved over time and resulted in the growth of contextual disclosures in corporate annual reports (Gouws & Cronje, 2008). Gouws and Cronje (2008) propounds that corporate annual reports are prepared in accordance with two major interrelated accounting practices: Generally Accepted Accounting Standards and Contextual Accounting standards. Contextual Accounting practices use accounting practices that do not necessarily translate into GAAP, and the purpose of Contextual Accounting practices is to supplement GAAP in order to reflect some of the organization's intangibles and growth opportunities (Gouws & Cronje, 2008).

Adeusi et al. (2016) articulate that information not collected and reported by GAAP is taken care of by Contextual Accounting Practices and published as Contextual Information in company annual reports to represent the organization's bigger picture.

2.5.6 Generally Accepted Accounting Practices (GAAP)

Paton and Littleton (1940) describe GAAP as specified accounting practices that are derived from the observance of good accounting standards. According to Services (2019), Generally Accepted Accounting Principles or GAAP as they are more commonly known are guidelines for the preparation of financial statements. Section 26(1) of the State-owned Enterprise Governance Act No. 2 (2006) stipulates that the board of a State-owned enterprise in Namibia shall, at the earliest opportunity but in any case no later than six months after the end of each State-owned enterprise's financial year, submit an annual financial report on the activities of the State-owned enterprise in the same year to the Minister and the Council. These statements are mostly used by stakeholders, investors, banks, and creditors to determine the company's financial health and appropriateness for investment or credit extension. In fact, in order to properly assess and analyze businesses and their operations, the financial statement must provide similar information in a similar format (Gouws & Cronje, 2008). However, Services (2019) stats that each country has its own generally accepted accounting principles and that all publicly released financial statements must conform to these laws.

Kuzina (2013) notes that GAAP applies to Generally Accepted Accounting Principles in the United States, while the GAAP refers to Generally Accepted Accounting Practices in South Africa. For standard setting, the International Accounting Uniform Board is committed to a principle-based approach, rather than the US approach based on rules

(Kuzina, 2013). Services (2019) summarizes that accounting principles/practices are generic methods that are used to identify and evaluate accounting events, but Gouws and Cronje (2008) argued that the proposed principles/practice must first be recognized as a new standard before it achieves the level of generally accepted accounting practices.

2.5.7 International Financial Reporting Standards (IFRS)

Services (2019) stipulates that International Financial Reporting Standards (IFRS) are issued by the International Accounting Standard Board (IASB), therefore, IFRS incorporates the rules implemented by and by the accountant when reporting sales and other financial information and writing annual reports for outside customers. According to PwC (2019), an organization switching from the regional GAAP to IFRS will follow the IFRS 1 criteria because it refers to the first IFRS financial statements of a company and the transitional accounts issued under IAS 34,' Transitional Financial Reporting,' which are part of that financial era. It also occurs in ' repeated first-time use ' of individuals. The basic requirement is that all IFRSs be fully applied retrospectively starting on the filing date (PwC, 2019).

PwC (2012) also clarifies that the provision for a retrospective submission has a range of discretionary restrictions and compulsory exceptions. Services (2019) expresses that there is no international regulatory agency compliant with the IFRS but national law of a country that allows compliance with the IFRS. The Company Act 28 of (2004) mandates directors to maintain adequate accounting records and to be responsible for the content and quality of the annual financial accounts and related financial information included in the annual reports of the Company.

The State-Owned Enterprises Governance Legislation 2 of (2006), states that the management has to ensure that, in compliance with the International Financial Reporting Standards, the company's annual financial reports reflect the state of affairs accurately as at the end of the financial year and the performance of its sales and cash flows for the year then ended. The annual financial statements must be compiled in compliance with GAAP or the International Financial Reporting Standards and are consistently applied and backed by reasonable and prudent decisions and estimates based on relevant accounting standards (PwC, 2019).

2.6 Chapter Summary

According to Begg et al. (2013), weak financial performance is one of the main contributing factors of several Namibian SOEs collapsing. Financial management is a very specific concept, including arranging, coordinating, enabling and managing of financial resources of any organization. The two main areas regarding proper accounting practices within SOEs are coordinated management of the financial resources and accountability to stakeholders (Brigham & Houston, 2012). Precise record-keeping is thus one of the most critical activities with regards to accounting practices (Begg et al., 2013)

The scholars in the reviewed literature above argued and discussed their findings, conclusions and recommendations on the phenomena being studied. The literature indicates that contradictory accounting practices are caused by incompatible, inconsistent, conflicting and weak bookkeeping practices: bad financial management practices are the major causes of operational financial losses in SOE within sub-Saharan African countries. It is also found that poor financial performance in state-owned companies has often been attributed within these institutions to inadequate management practices. The study provides explanations regarding the topic of the existing knowledge gap in the literature.

CHAPTER 3: RESEARCH METHODS

3.1 Introduction

Leedy (2014) maintains that research is a systematic quest for undiscovered knowledge. Therefore, this chapter describes the methods and procedures that were used in the research including research design, population, sample and sampling techniques, research instruments, data collection procedure, data analysis, validity and reliability and research ethics.

3.2 Research Design

The study used a quantitative methodology following a descriptive design. Furthermore, this research used a case study approach because the study required a systematic and in-depth study of one particular case focusing only on TNHL. Case studies are generally descriptive in nature; however, they can also be used to generalize claims for further verification (Bertram & Christiansen, 2014). Cohen et al. (2011) also recommend that if the researcher aims to capture the reality of the participants lived experiences and thoughts about a particular situation, the researcher should use a case study approach. In the current study, the case study was therefore used because of its variations in terms of intrinsic, instrumental and collective approaches that allows both quantitative and qualitative analysis of the data.

3.3 Population

According to Brink, Van Der Walt and Van Rensburg (2012), research population refers to the total number of people or objects which are of interest in terms of data collection.

In addition, Waters (2010) describes a population as a list of elements from which a sample will be drawn.

The focus of this study is only on one entity TransNamib Holdings Limited. A convenience population of TNHL was chosen as company of interest for this study because, the company have been continuously experiencing liquidity problems hence having to be bailed out by the government on an annual basis. The finance department makes up 4% of the 1 802 total employees of TNHL (IPPR, 2016). The population for this study therefore comprises 72 employees in the finance department.

3.4 Sample

Van Der Walt and Van Rensburg's (2012) confirms that "studying each element in the population would generally take long and be impractical and costly; because the size of the population is so big, and that it is impossible for the researcher to study each element in the population due to time constraints and cost, a sample will be chosen.

Purposive Sampling was considered to be more appropriate for this study, as this made it possible to collect data specific to the analysis. A sample is a set of the population that, according to Cresswell (2006) is usually chosen because to access all elements of the population is exorbitant in time, money and other resources. Collins et al. (2000) define the sample as a subset of measurements drawn from the population.

Bertram & Christiansen (2014) posits that, if the data are quantitative and the researcher is intending to use some form of statistical analysis on the data, then the sample size of 30 should be the minimum. The study used and administered questionnaires to the respodents to collect data, the data was analysed using SPSS. In this study, more than half of the population was chosen for the sample size using Purposive Sampling. The total sample size was chosen to be 37 respondents, made up of 30 respondents from the finance department and 7 respodents from members of the governing body at TNHL.

The response rate of the sample was 54% of the participants. The response rate is the proportion of people actually included in a sample relative to the number of people that were attempted to be included. There were only 16 respondents from the finance deparment that completed the questionnaire, 3 staff members from the administration deparment also participated in the survey and another one from other department.

3.5 Research Instruments

A structured questionnaire was used to collect primary data. A questionnaire is an instrument delivered to a number of people in order to collect statistical information (Collins et al., 2000). A total of 37 questionnaires were administered to respondents of which only 20 were answered and returned. The questionnaire contained three sections, namely; Section A, Demographic Information; Section B, Financial Performance and Section C, Accounting Practice. The questionnaire was designed for key informants from the enterprises on areas not adequately addressed by other data sources. The questionnaire used for this study is given as appendix B.

The study made use of published work such as journals, articles and media. As a result of limited access to some information, the researcher utilized the internet to obtain critical information

3.6 Procedure

The researcher delivered the questionnaire personally to the respondents. The respondents completed (fill in) in the questionnaire in the absence of the researcher. Scaled questions, closed and open-ended questions were served to the respondents. The respondents were given enough time to provide the required information. The identity of the researcher, the aim and purpose of the study has been disclosed to the respondents' prior to taking part in the study.

3.7 Data Analysis

As the study used the quantitative approach, applying the sampling technique as outlined above, the data gathered from the respondents were analyzed after grouping the information. The data collected were coded, tabulated, and finally, frequencies and percentages were derived. Furthermore, the data were analyzed using a Statistical Package for Social Sciences and Microsoft Excel. Visuals used in the analysis of data in this study helped in understanding the responses from the participants.

One of the research objective for this study was to study the financial performance and accounting practice at TNHL by reviewing their AFR for 2014 to 2019 financial periods. Analysis of the AFR could not be done because, during the research process the it was unearthed that TNHL have never prepared or produced AFR since 2014 until 2019.

3.8 Research Ethics

Ethics are norms or standards of behaviour that guide moral choices about our behaviour and our relationships with others, and the aim of ethics in research is to ensure that no one is harmed or suffers adverse consequences from the research activities (Cohen et al., 2011). Yin (2013) also elucidates that the upholding of ethical guidelines refers to whether a researcher demonstrates competency, maintains honesty in the management of the resources, acknowledges sources and the inputs of supporters during the study, and presents an accurate report of the findings.

The researcher considered ethical protocols such as requesting to obtained permission to conduct the study from the TNHL, informing the respondents about the objectives and benefits of the study before administering the questionnaire, reminding the respondents on their rights with regard to completing the questionnaire. The researcher also ensured full privacy of the information provided by respondents and informed respondents about the confidentiality of the information provided. No harm was caused, and no information provided by respondents is to be manipulated in any way.

3.9 Chapter summary

The main objective of chapter three was to provide the methodology used to conduct the study. The study used a case study approach, using a questionnaire as a data collection instrument. The population of the study consisted of 72 staff members from the finance department. However only 16 staffs from the finance department were willing to participate in the survey, other information were further obtained from administration deparment 3 participants, other department 1 participant and members from the governing body of TNHL Head office in Windhoek. This constituted a total of 20 respondents for this study. Purposive sampling technique was used to select a sample size of 37 respondents. The next chapter will present, discuss, analyse and interpret the data collected.

CHAPTER 4: DATA ANALYSIS, PRESENTATION AND DISCUSSIONS

4.1 Introduction

This chapter focuses on the analysis, presentation and discussion of the findings. The study's objectives were: to investigate factors that influence financial performance by performing an in-depth analysis of the causes of the recurring losses at TNHL and studying the financial performance and accounting practice at TNHL by reviewing their AFR for 2014 to 2019 financial periods. The study used a quantitative methodology following a descriptive design.

4.1.2 Findings from Research Questionnaire

A sample size of 37 participants was used, and out of the 37 participants, 20 of them answered the questionnaires distributed to them, which implied a response rate of 54%. Data collected was analyzed using a Statistical Package for Social Sciences and Microsoft Excel. Results were presented in forms of tables, pie charts and bar charts.

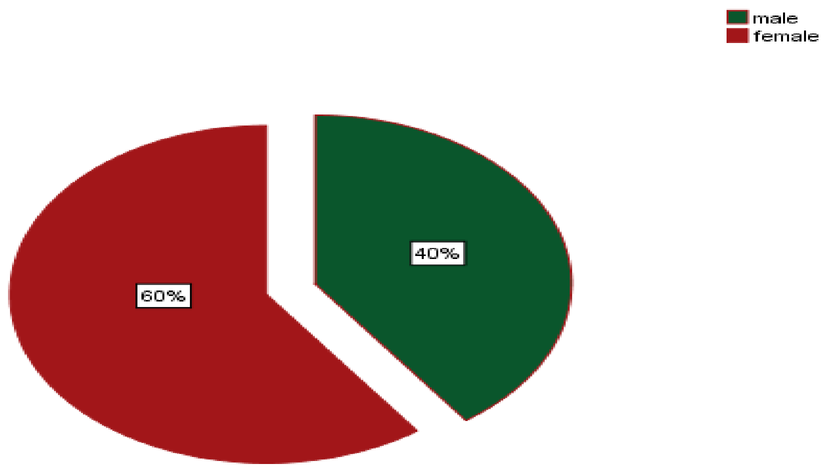
4.2 Demographic Characteristics of the Respondents

Participants were asked to indicate their gender, educational level, level of employment, type of employment, years of experience and departments.

4.2.1 Gender of Respondents.

Figure 1 below depicts results on the gender of the participants in this study

Figure 1: Gender of respondents



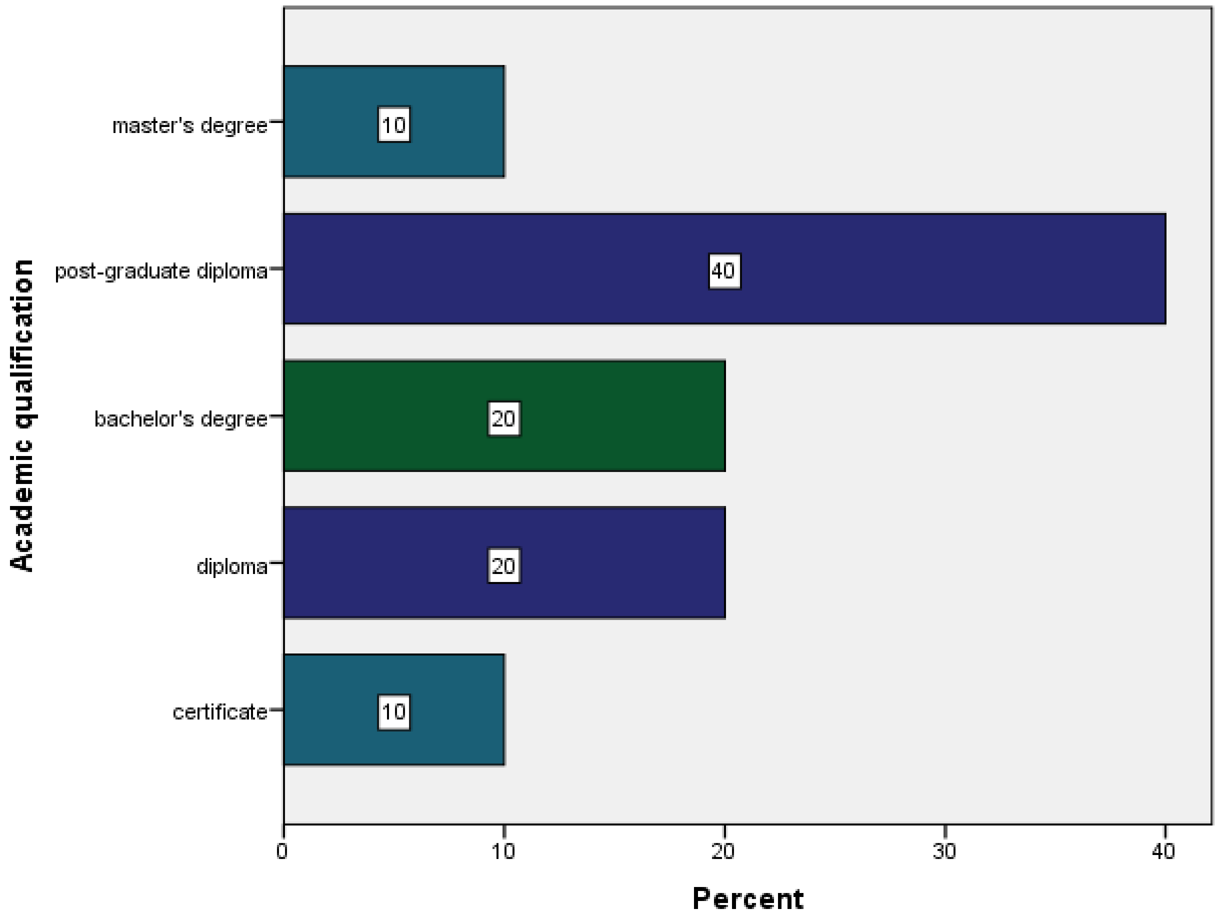
Source: Primary data collected through a survey

Figure 1 above depicts results on the gender of participants in this study. The study was comprised of 60% females and 40% males. Findings from gender analysis indicated that the study was dominated by females as compared to males.

4.2.2 Highest level of Education Attained

Figure 2 below shows various levels of education attained by the participants in the study

Figure 2: The highest level of education attained



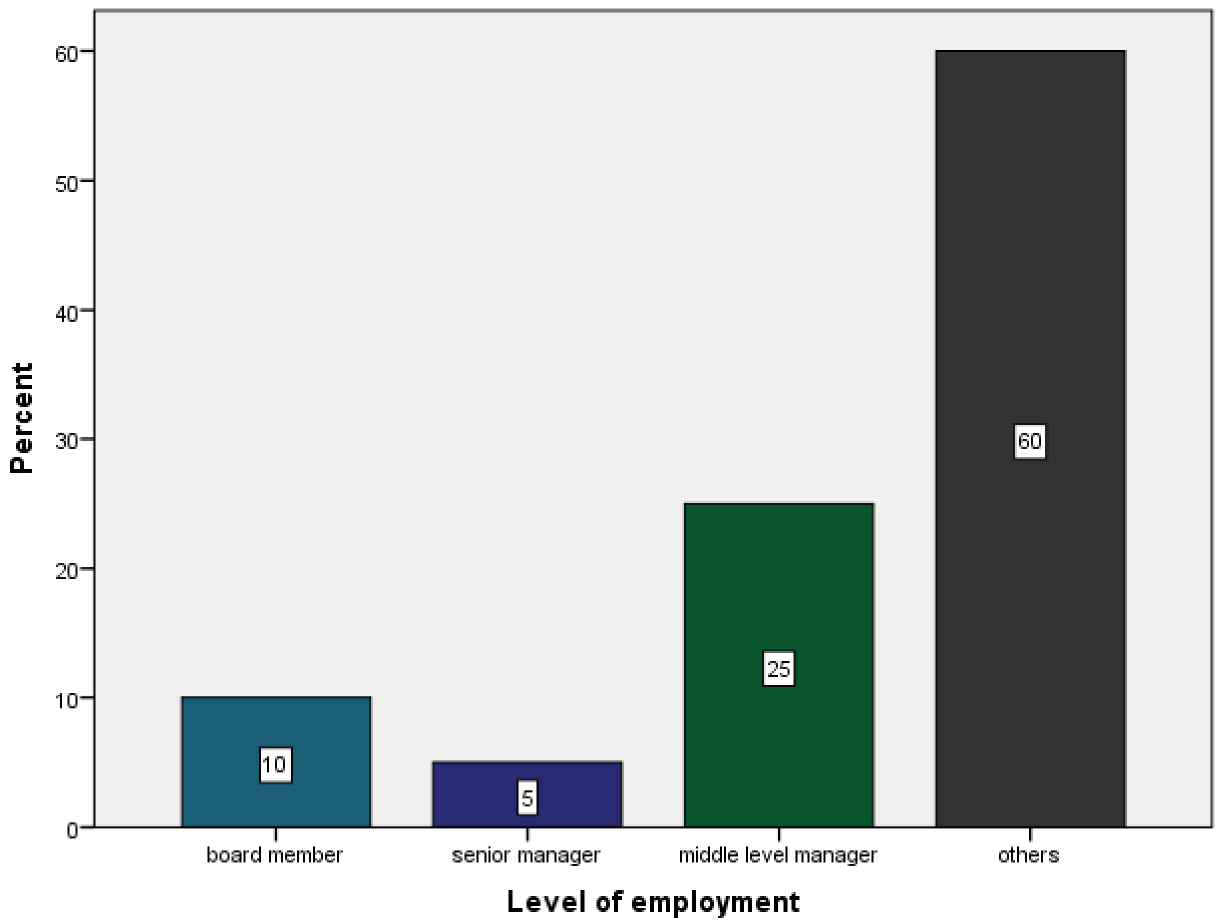
Source: Primary data collected through the survey

Figure 2 shows various levels of education attained by the participants in the study. The study collected data on the educational level of participants to determine which level of education had more influence on the study topic. The study uncovered that majority of the participants (40%) had a post-graduate diploma as their highest qualification followed by those holding a bachelor’s degrees (20%) and a diploma (20%). Few of the participants in the study had attained a master’s degree (10%) as their highest qualification. 10% of the participants indicated that they have certificates. Results from Figure 2 show that the study was comprised of participants with higher tertiary qualifications in overall.

4.2.3 Level of Employment

Figure 3 below shows the distribution of the level of employment for the participants.

Figure 3: Level of employment



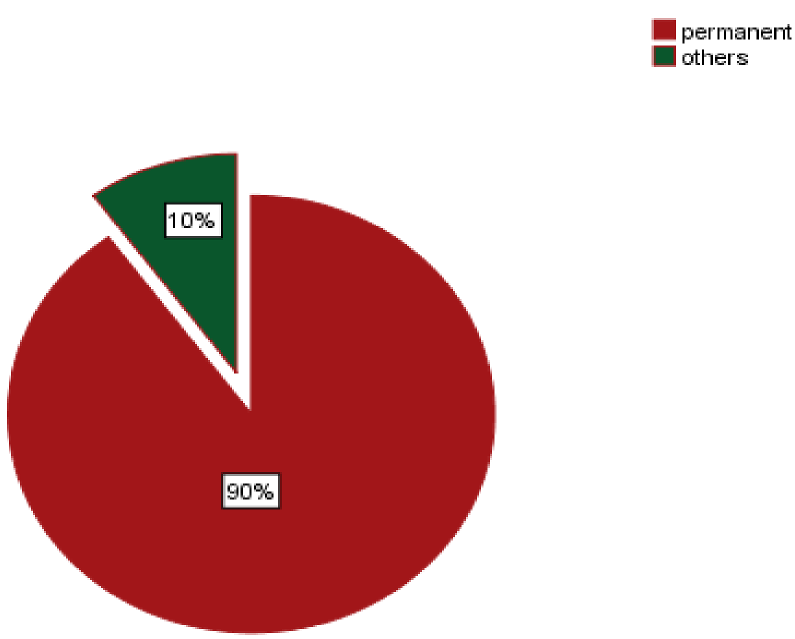
Source: Primary data collected through the survey

Figure 3 shows the distribution of the level of employment for the participants. The study revealed that the majority of the participants were in the category of others (60%), which constituted most of the staff in different departments at the company. Apart from the majority of the participants being in the category of others, the study also shown that 25% of the participants were middle-level managers, followed by 10% of the board members and lastly the senior managers participated in this study were representing (5%). Data on the level of employment meant to identify the coverage of responses from all different levels of employment and results from figure 3 indicated that in general, all the levels of employment had an input in the findings of the study.

4.2.4 Type of Employment

Figure 4 below shows the distribution of the types of employment of the participants in the study.

Figure 4: Type of employment



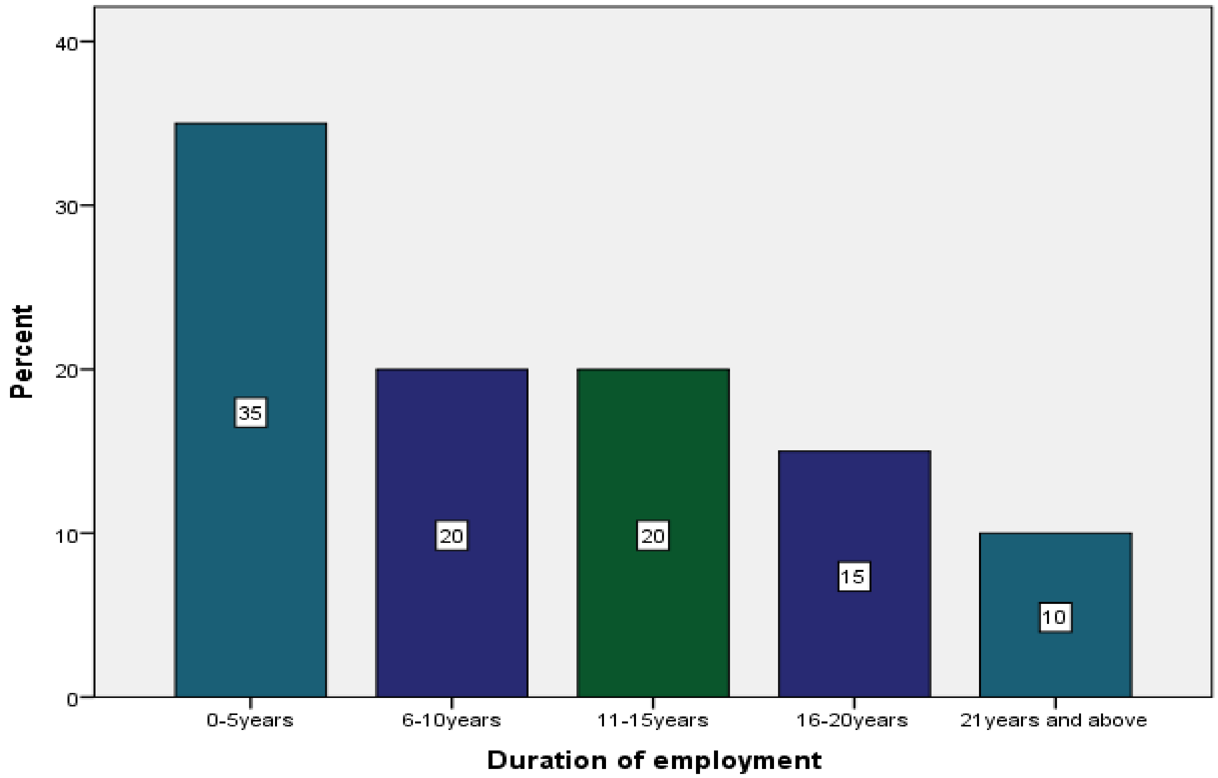
Source: Primary data collected through the survey

Figure 4 shows the distribution of the types of employment of the participants in the study. The study discovered that majority of the participants were permanent workers (90%), and there were no participants employed based on a contractual or intern basis. Only 10% of the participants were in the category of ‘others’ employment types which were not either permanent, contractual and or internship. Since the study aimed at examining the factors influencing the financial performance at TransNamib Holdings Limited, results obtained in Figure 4 provided the study with the advantage of acquiring resourceful responses due to the fact that the majority of the participants were permanent workers with valuable information as to the interest of the study.

4.2.5 Duration of Employment at TNHL

Figure 5 below shows the distribution of years of experience of participants in the study in form of a bar chart

Figure 5: Duration of employment at TNHL



Source: Primary data collected through survey

Figure 5 shows the distribution of years of experience of participants in the study in the form of a bar chart. The study unveiled that, most of the participants had between 0 to 5 years of working experience (35%), followed by both with 6 to 10 years and 11 to 15 years of working experience (20%) and those with between 16 to 20 years of working experience (15%). The least participants had 21 years and above of working experience at TransNamib Holdings Limited. Results from Figure 5 indicated that generally majority of the participants had working experience between 0 to 15 years at TransNamib Holdings Limited.

4.2.6 Work department of the participants

Participants were further requested to indicate which department they worked in. Results were tabulated in Table 1 below.

Table 1: Work department of the participants

Department	Frequency	Percent
Finance	16	80.0
Administration	3	15.0
Internal audit	0	0
Others	1	5.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 1 shows the distribution of working departments of the participants in the study. Results from the participant's responses were analyzed and tabulated in Table 1, as shown. The study found that the majority of the participants came from the finance department (80%) followed by those in the administration (15%) and none from the internal audit department. Results from Table 1 indicated that the study was dominated by participants from the Finance Department and this was because the study itself aimed at unveiling reliable information from the Finance Department as it focused on determining the factors influencing financial performance and to study the accounting practice at TransNamib Holdings Limited.

4.3 Financial Performance

The study sought to identify the factors influencing the financial performance at TransNamib Holdings from the participants. In order to identify the factors, the study sought to understand the overall view of participants on the financial performance and functioning of the sector.

4.3.1 Views on Financial Performance at TNHL

Participants were requested to indicate their views on the financial performance of TransNamib Holdings. Responses from the participants were analyzed and tabulated in Table 2 below**.**

Table 2: Participant's view on financial performance at TNHL

Responses	**Frequency**	**Percent**
Poor	13	65.0
Average	6	30.0
Good	1	5.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 2 depicts the results on the participant's view towards a financial performance at TNHL. The study revealed that the majority of the participants (65%) cited that the financial performance at TNHL is poor. Very few of the participants (5%) indicated that the financial performance was good. Results further revealed that 30% of the participants indicated that the financial performance was average. Overall results from Table 2 show that, generally the financial performance at TNHL is poor.

4.3.2 Possible contributors to the poor financial performance at TNHL

The study posed a follow-up question to the participants to identify the possible contributions to the poor financial performance. Results obtained were analyzed at tabulated in Table 3 below.

Table 3: Contributors to poor financial performance at TNHL.

Factors	Frequency	Percent
Lack of expertise	5	25.0
Lack of planning	11	55.0
Don't know	3	15.0
None	1	5.0
Total	**20**	**100.0**

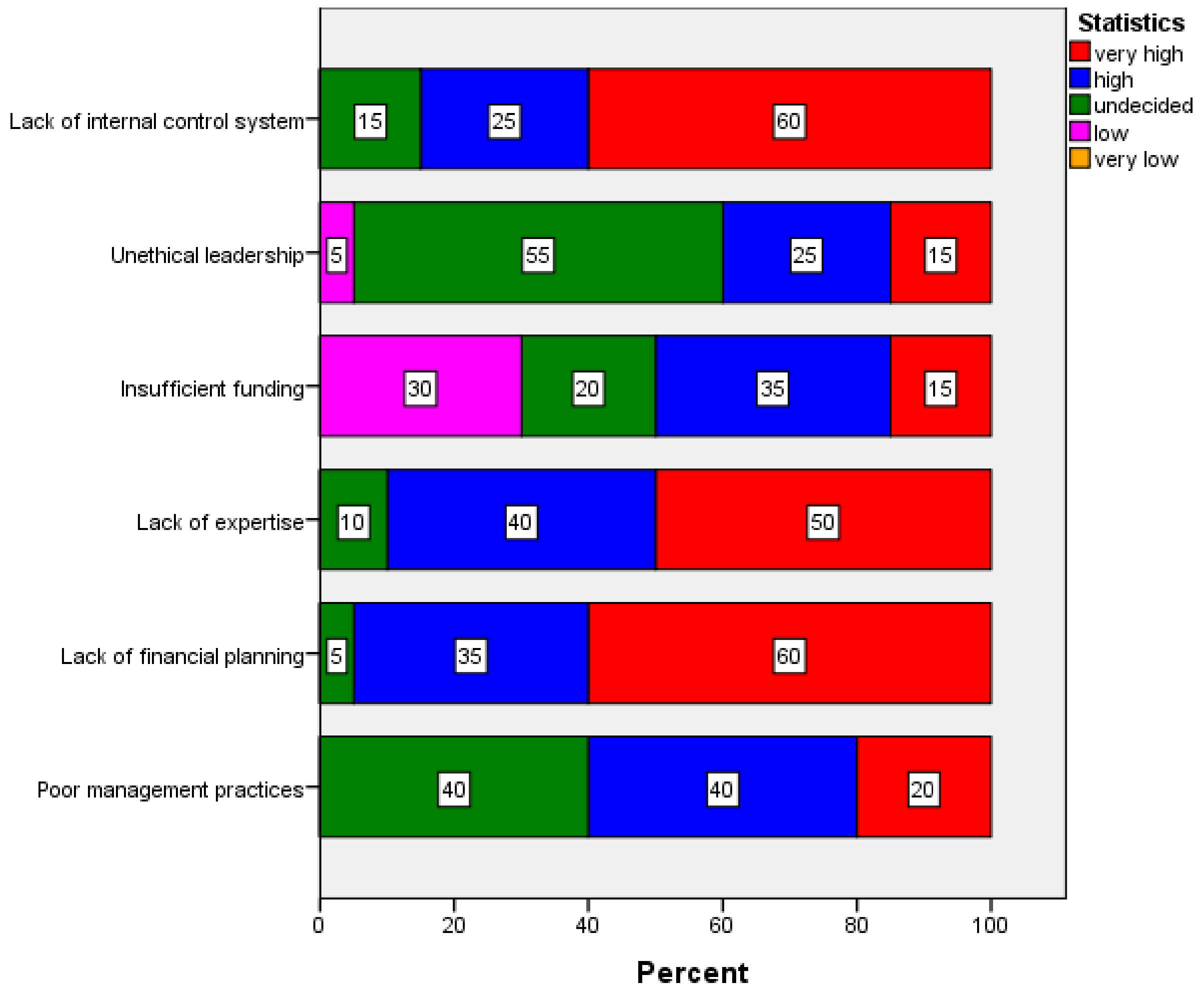
Source: Primary data collected through survey

Table 3 shows factors exposed by participants as contributors to poor financial performance. The study unveiled that the most predominant contributor to poor financial performance was lack of planning (55%) followed by lack of expertise (25%). However, 15% of the participants had no clue as to what could have contributed to the poor financial performance of TNHL. Results from Table 3, therefore indicated that lack of planning played a significant role in contributing to poor financial performance.

4.3.3 Factors Influencing Poor Financial Performance of any Company

The study sought to determine what factors generally affect the financial performance of any company. Participants were requested to give their opinions on the factors and results obtained were analyzed and presented in a bar chart.

Figure 6: Factors influencing the poor financial performance of any company.



Source: Primary data collected through survey

Figure 6 shows the distribution of various factors which influence the poor financial performance of any company. Participants were requested to rank the effect of each factor as either, very high, high, undecided, low or very low. The study revealed that the most affecting factors at the rank of very high were: lack of internal control system (60%), lack of financial planning (60%) and lack of expertise (50%). It was also revealed in the study that some of the very highly influencing factors to poor financial performance were also ranked in the category of highly influencing factors though the percentages were slightly lower than those in the category of very high affecting factors. Factors which affected financial performance at a high magnitude were: insufficient funding (35%), lack of financial planning (35%), lack of expertise (40%) and poor management practices (40%).

Results from Figure 6 also reveal that participants were mostly undecided on the extent to which unethical leadership (55%) affected financial performance as well as poor management practices (40%). Furthermore, insufficient funding affected financial performance at a low level (30%). These results from Figure 6, therefore indicated that the majority of the factors in the bar chart affected financial performance from a high magnitude to a very high magnitude except unethical leadership.

4.3.4 Accountability of the Governing Body and Senior Management

The study sought to determine whether the governing body and senior management have been held accountable for the poor financial performance, whether there was any weakness in the stakeholder's oversight. Results were tabulated in the following table.

Table 4: Accountability of the governing body for poor financial performance.

Response	Frequency	Percent
Yes	0	0
No	13	65.0
Don't know	7	35.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 4 depicts results as to whether the governing body and senior management have been held accountable for the poor financial performance of TNHL. The study discovered that 65% of the participants stressed that, there haven't been any accountability measures conducted on the governing body and senior management for poor financial performance and none of the participants indicated that if the governing body and senior management have ever been held accountable for the poor performance. However, 35% of the participants revealed that they did not know as to whether the governing body and senior management have been held accountable for poor financial performance or not.

Results from Table 4 indicated that at large, there hadn't been accountability measures exercised to hold the governing body and senior management liable for poor financial performance at TNHL.

4.3.5 Weakness in Stakeholders' Oversight

A follow-up question was posed to the participants to give their opinions on whether weakness in the stakeholders' oversight existed or not. Results were presented in Table 5 below.

Table 5: Weakness in stakeholders' oversight

Response	Frequency	Percent
Yes	14	70.0
No	2	10.0
Don't know	4	20.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 5 shows the results from the participants on the existence of weakness in the stakeholders' oversight. Overwhelmingly, the study unveiled that 70% of the participants indicated that, "yes" there was a weakness in the stakeholders' oversight with regards to poor financial performance at TNHL. However, a few of the participants (20%) as illustrated in Table 5 revealed that they had no knowledge as to whether there was a weakness in the stakeholders' oversight or not. Results from Table 5, therefore, showed that generally and at large there is a weakness in stakeholders' oversight.

4.3.6 Capacity to Improve Financial Performance

As the study unveiled the existence of weakness in the stakeholders' oversight, it went further on requesting participants to give their opinions on whether TNHL can improve its financial performance. Results were tabulated in Table 6 below.

Table 6: Capacity to improve financial performance.

Response	Frequency	Percent
Yes	5	25.0
No	13	65.0
Don't know	2	10.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 6 shows the results obtained on the participants' view towards the capacity to improve the financial performance of TNHL. In this study, the majority of the participants (65%) indicated that TNHL does not have capacity to improve financial performance. Only a few (25%) of the participants indicated that there was a possibility of financial performance improvement of the company. 10 % of the participants had no idea whether the capacity to improve existed or not. Overall results from Table 6 indicated that there is no capacity to enable improvement in financial performance at TNHL.

4.3.7 Impact of Changes in Operation Dynamics

The study sought to understand further on whether a change in operations dynamics could contribute positively to the financial performance of TransNamib Holdings Limited. Participants gave their opinions and results were tabulated in Table 7 below.

Table 7: Contribution of change of operation dynamics to positive financial performance.

Responses	Frequency	Percent
Yes	5	25.0
No	7	35.0
Don't know	8	40.0
Total	**20**	**100.0**

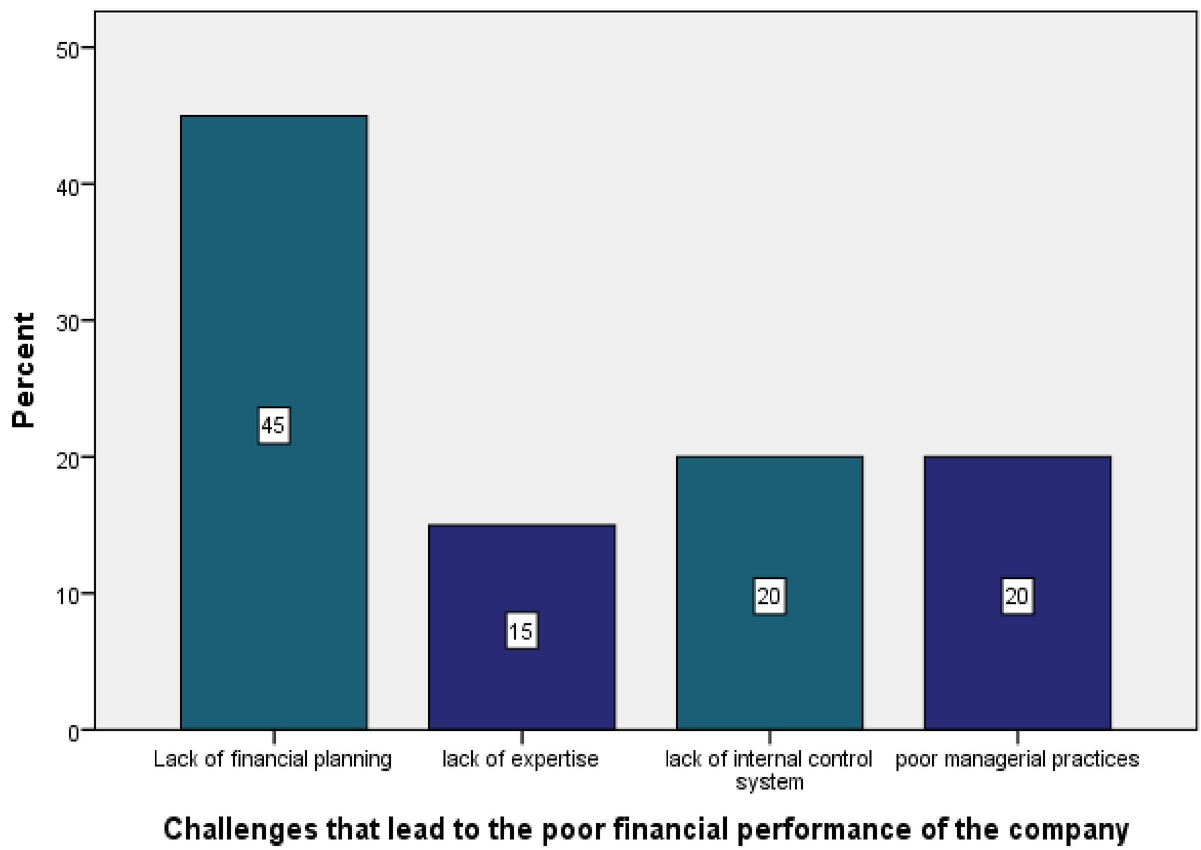
Source: Primary data collected through survey

Table 7 shows results from the participants on their views pertaining to the possibility of positive financial performance through the change in the dynamics of the operation. The study unveiled mixed responses which were skewed towards uncertainties of a possible positive financial performance of the company through the change in operations dynamics, 25% of the participants indicated that change in operations dynamics can yield positive financial performance, while 35% indicated that no change in operations dynamics cannot yield positive financial performance and majority showed no knowledge on either change in operations dynamics could yield positive financial performance or not. Results from Table 7, therefore, indicated that a limited percentage of the participants viewed the change in operation dynamics as a possible contributor to positive financial performance and majority of the participants were uncertain about the possibility of a positive financial performance coming from the change in the operation dynamics.

4.3.8 Challenges that Lead the Companies to Poor Financial Performance

The study was interested in determining the challenges that lead TransNamib Holdings Limited to poor financial performance. Participants were requested to give their opinions on the challenges. Results were analyzed and presented in the following bar chart.

Figure 7: Challenges that lead TransNamib Holdings to poor financial performance.



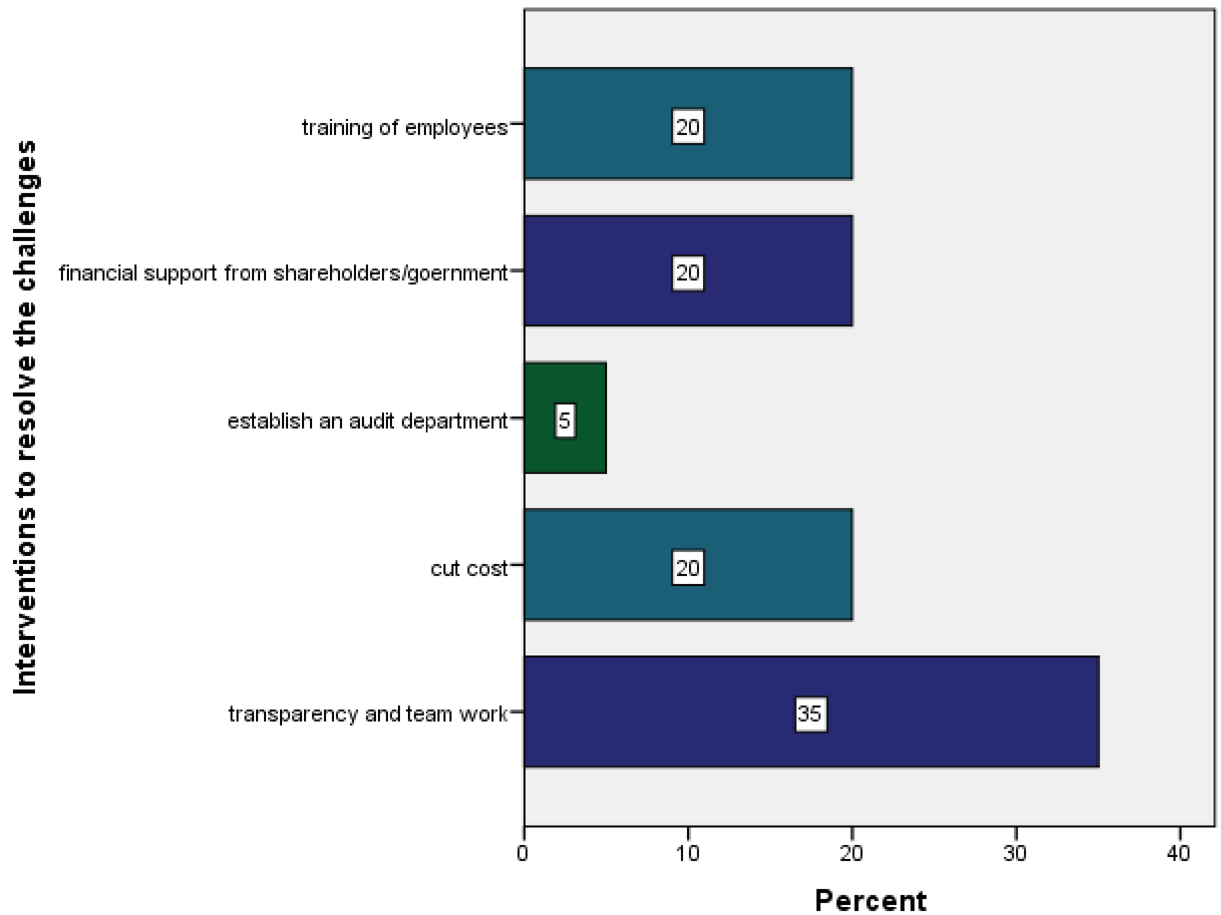
Source: Primary data collected through survey

Figure 7 shows the distribution of challenges to the financial performance of the company. The study revealed that participants reiterated four major challenges that lead the company to poor financial performance. The majority of the participants (45%) indicated strongly that the major challenges were lack of planning followed by lack of internal control (20%), poor managerial practices (20%) and lastly lack of expertise (15%). Results from Figure 7 indicated that the factors which have led TransNamib Holdings Limited to poor financial performance are the same as those which affect the financial performance of any company in general as this was attested by Mazzarol (2014).

4.3.9 Possible Plans to Rescue and Improve the Situation at TNHL

The study sought to determine what possible interventions could be adopted to rescue the situation at TransNamib Holdings. Participants were requested to provide possible suggestions, and results obtained were presented in the form of a bar graph.

Figure 8: Possible remedies to rescue and improve the situation at TNHL.



Source: Primary data collected through survey

Figure 8 shows different suggestions put up together by participants as possible solutions to the poor financial performance of TransNamib Holdings Limited. In this study 5 major plans were provided by the participants. The majority of the participants (35%) indicated that transparency and team work together can rescue the company from poor financial performance followed by cutting cost, seeking financial support from shareholders/government and training of employees at (20%). Furthermore, (5%) of the participants are of the opinion that the establishment of an audit department can also aid in mitigating poor financial performance of the company. Results from Figure 8 indicated that mostly transparency and team work, together with cutting cost, seeking financial support from shareholders/government and training employees can rescue the situation of poor financial performance at TransNamib Holdings Limited.

4.4 Accounting Practices

The study sought to investigate various accounting practices in place at TransNamib Holdings Limited. Results obtained were tabulated in the following tables.

4.4.1 Availability of Internal Financial/Accounting Policies

Participants were requested to indicate whether internal financial/accounting policies were available at the company. The table below shows the results.

Table 8: Availability of internal financial/accounting policies

Response	**Frequency**	**Percent**
Yes	19	95.0
No	0	0
don't know	1	5.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 8 illustrates results obtained on the presence of internal financial/accounting policies at TransNamib Holdings. The study unveiled that the majority of the participants (95%) indicated that internal financial/accounting policies existed at the TransNamib Holdings Limited. However, only 5% of participants did not know whether internal financial/accounting policies existed. Results from Table 8 generally indicates that there are internal financial/accounting policies in place at the company. Based on the information obtained from the AFR for 2012 and 2013 financial periods it is possible that these policies are limited in nature. So there might be other policies that are not in place for example the procurement policies.

4.4.2 Existence of Operation of Financial/Accounting Policies at TNHL

Participants were further asked if the existed internal financial/accounting policies were operational. Results obtained were presented in the table below.

Table 9: Operation of accounting policies

Responses	Frequency	Percent
Yes	12	60.0
No	2	10.0
Don't know	6	30.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 9 depicts the analysis conducted on whether existing internal financial/accounting policies were operational at the company. The study revealed that generally, most of the participants (60%) indicated that, the existing internal financial/accounting policies were operational while 10% of them were against that. Further, the study discovered that few of the participants (30%) had no knowledge as to whether the existing internal financial/accounting policies were operational. Results from Table 9, therefore indicated that at large the existing internal financial/accounting policies are operational at TNHL.

4.4.3 Compliance with Accounting Policies.

A follow up question was posed to the participants to give their opinions on whether the internal financial/accounting policies were actually complied with. Results obtained were tabulated in Table 10 below.

Table 10: Compliance with accounting policies.

Response	Frequency	Percent
Yes	3	15.0
No	12	60.0
Don't know	5	25.0
Total	**20**	**100.0**

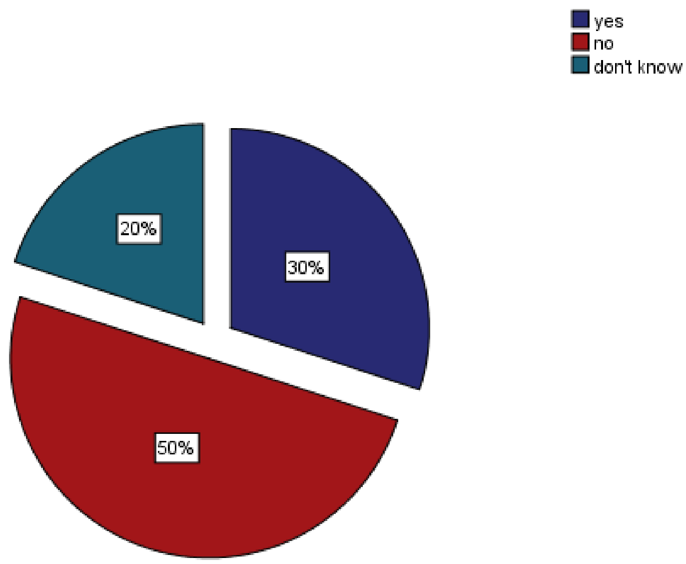
Source: Primary data collected through survey

Table 10 illustrates results obtained on the compliance of accounting policies. The choice of accounting policies have an impact on the day to day operations because all the financial transactions taking place and being recorded are guided by the financial policies and if some of employees are not aware nor comply to these policies , it will be a plobem to propely recording of day to day financial transactions. The study discovered that most of the participants (60%) indicated that the accounting policies were not complied with while a few of the participants (15%) indicated that compliance was present. However, 25% of the participants had no knowledge pertaining to the compliance with the accounting policies. Results from Table 10, therefore, indicated that in general, there was non-compliance with the existing accounting policies at TNHL.

4.4.4 Availability of Effective Internal Controls.

The study went further to investigate if effective internal controls existed in place for the preparation and approval of financial transactions. Results obtained were presented in the pie chart below.

Figure 9: Availability of effective internal controls.



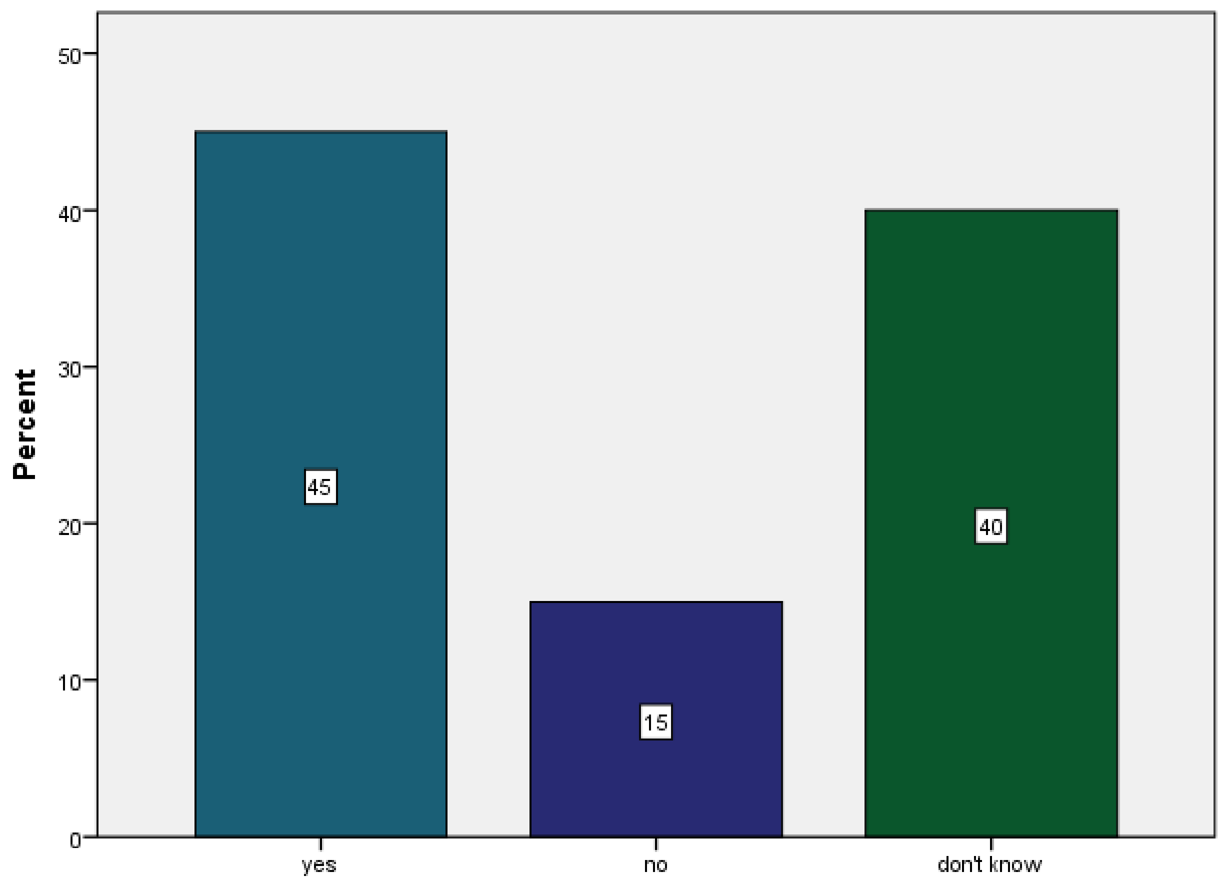
Source: Primary data collected through survey

Figure 9 illustrates results obtained pertaining to the presence of effective internal control for the preparation and approval of financial transactions. The study discovered that majority of the participants (50%) indicated that, there were no effective internal controls catering for the preparation and approval of financial transactions while a few (30%) of the participants were against that. However, very few of the participants indicated that they had no knowledge as to whether effective internal controls existed or not. Results from Figure 9 indicated that at large, there were no effective internal controls for the preparation and approval of financial transactions at TNHL.

4.4.5 Existence of Monthly Management Accounts

Another follow up question was presented to the participants on whether TNHL prepared monthly management accounts. Information gathered was analyzed and presented in the bar graph below.

Figure 10: Existence of monthly management accounts



Source: Primary data collected through survey

Figure 10 shows results on the presence of monthly management accounts. The study showed that most of the participants indicated that monthly management accounts were prepared in the company, while a few of the participants (15%) indicated that there was no monthly management accounts preparation. Moreover, the study further unveiled that a slightly higher percentage of the participants (40%) had no knowledge as to whether monthly management accounts were prepared or not. Results from Figure 10, therefore, indicated that generally, monthly management accounts were prepared at TNHL.

4.4.6 Existence of Monthly Reconciliations

Data gathered on whether monthly reconciliations of financial transactions were carried out or not was analyzed and presented in the form of the table.

Table 11: Existence of monthly reconciliations

Response	Frequency	Percent
Yes	9	45.0
No	6	30.0
Don't know	5	25.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 11 shows results from the participants pertaining to the existence of monthly reconciliations at TNHL. The study showed that a higher percentage (45%) of the participants indicated that monthly reconciliations were carried out at the company, while a slightly fewer of the participants (30%) indicated that they were not. Results presented in table 11 indicated that indeed monthly reconciliations were conducted at the company.

4.4.7 Presence of an Accounting System/Software

The study also sought to determine if there was an accounting system or software used for proper recording of financial transactions at TransNamib Holdings Limited. Results obtained were tabulated below.

Table 12: Presence of an accounting system/software

Response	Frequency	Percent
Yes	20	100.0
No	0	0

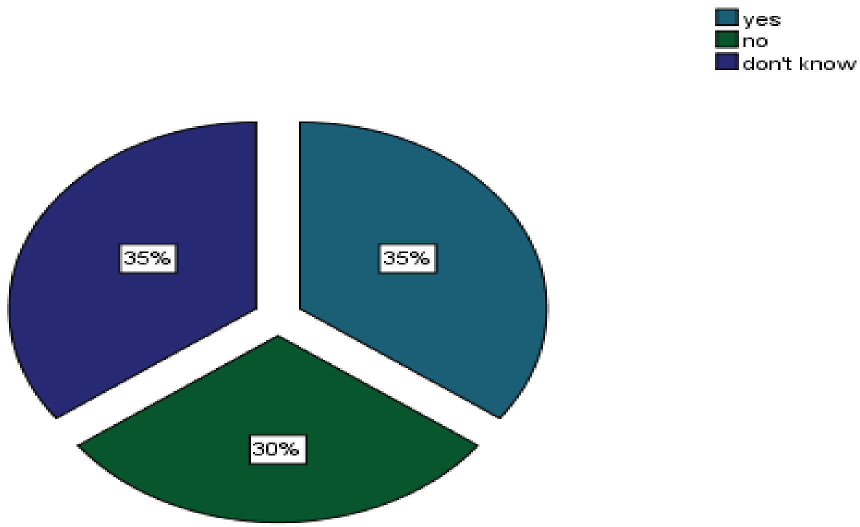
Source: Primary data collected through survey

Table 12 shows responses from the participants on the existence of an accounting system or software at the company. The study revealed that majority of the participants (100%) indicated that there was an accounting system used for proper recording of financial transactions at TNHL.

4.4.8 Actions to Resolve Anomalies in Monthly Reconciliations

A follow-up question was presented to the participants to give their opinions on whether differences arising from monthly reconciliations were resolved or not. Results were presented in the form of the pie chart.

Figure 11: Availability of actions to resolve anomalies in monthly reconciliations



Source: Primary data collected through survey

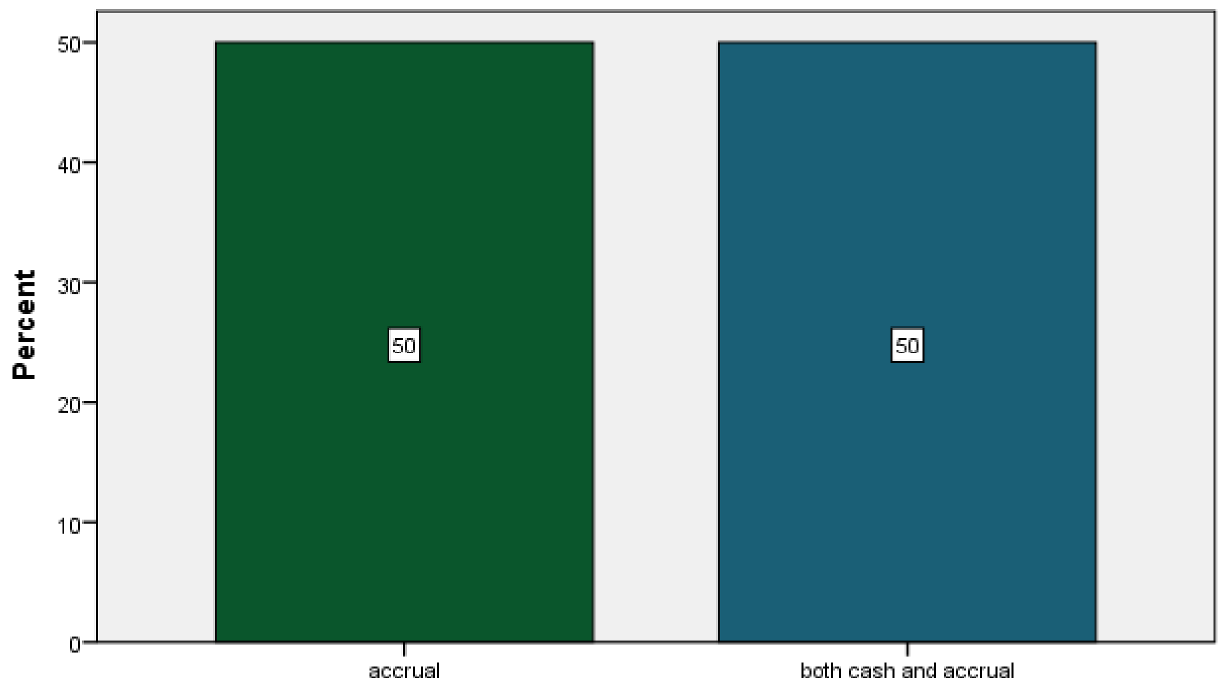
Not all the participants in this study worked with monthly reconciliations however, Figure 11 depicts results from participants regarding the presence of actions upon recognition of differences in the monthly reconciliations. The study unveiled that a slightly higher percentage (35%) of the participants indicated that "yes" actions were taken in order to resolve differences in monthly reconciliations, while 30% of the participants articulated that "no" there were no actions embarked on to resolve the monthly reconciliations differences. Furthermore, the study discovered that a slightly higher percentage of the participants (35%) did not know as to whether actions upon recognition of monthly reconciliations differences existed or not. Results from Figure 11, therefore, indicated that generally, actions to deal with monthly reconciliations differences were available at

TNHL as compared to the percentages which articulated that there were no actions towards monthly reconciliations differences.

4.4.9 Basis of Accounting Utilized to Record Financial Transactions

Information gathered on the basis of accounting used to record financial transactions at TransNamib Holdings was analyzed and presented in the bar chart below.

Figure 12: Basis of accounting



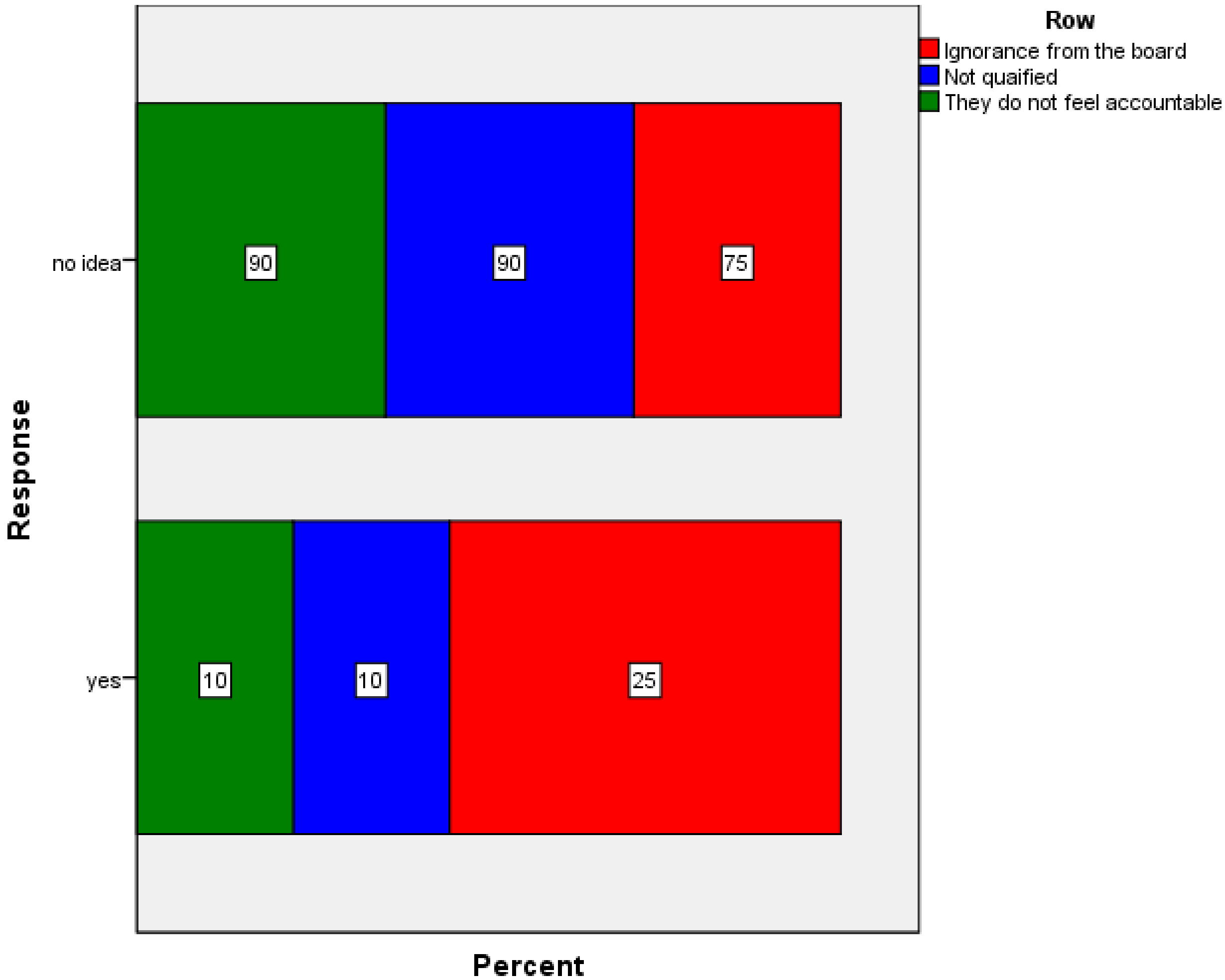
Source: Primary data collected through survey

Figure 12 illustrates results obtained from participants based on which basis of accounting was utilized at the company with regards to the recording of financial transactions. The study found out that 50% of the participants indicated that the company utilized accrual accounting, while the other 50% indicated that the company utilized both cash and accrual accounting. Results from Figure 12 indicated that the company employs both methods of recording financial transactions and this what is allowed by the GAAP, the accrual and cash basis.

4.4.10 Reasons for Governing Body and Senior Management not Improving the Audit Comments

Participants were further asked to present their opinions on why was it hard for management and governing body at TNHL to improve the audit comments through their management meetings. The question was based on the fact that TNHL receiving qualified audit reports in 2012 and 2013, some of the issues noted in the audit reports for 2012 reappeared the following year (2013) hence the need for possible reasons to that. Responses from the participants were analyzed and presented in the form of the bar chart.

Figure 13: Reasons for not improving the audit comments.



Source: Primary data collected through survey

Figure 13 depicts a distribution of responses from the participants on the reasons for the non-improvement of audit comments by the management at TransNamib Holdings. The study discovered that the majority of participants had no idea as to what could be causing management not to improve the audit comments. From the participants who gave their opinions, the study unveiled that 25% of the participants indicated that there was ignorance from the governing body and management pertaining to the improvement of audit comments, while 10 % of them pointed towards the lack of qualified members of the governing body and management especially in the financial administration sector and another 10% articulated that, the governing body and management lack accountability and responsibility. Results from figure 13 indicated that majority of the participants did not have knowledge on the reasons perpetrating the management not to improve the audit comments but there was presence of ignorance, underqualified management and lack of accountability and responsibility.

4.4.11 Causes of the Recurring Operating Losses

The study sought to understand the causes of recurring operating losses at TNHL for the past years. Results were presented in a form of a table.

Table 13: Causes of the recurring operating losses

Causes	**Frequency**	**Percent**
Low sales	2	10.0
Deviation from the budget	6	30.0
Lack of financial planning	6	30.0
Lack of stability in leadership	1	5.0
No idea	5	25.0
Total	**20**	**100.0**

Source: Primary data collected through survey

Table 13 shows the results from the participants on the causes of recurring operating losses at TransNamib. The study discovered that the major causes were lack of financial planning and deviation from the budget. Further revelations from the study showed that the least causes were low sales and lack of stability in leadership. Results from table 13 indicated that the recurring operating losses at TransNamib were attributed to deviation from the budget leading to overspending and also lack of financial planning accompanied by lack of stability in leadership and low sales.

4.5 Discussions

Chakraborty (2015) recommended that SOEs that do not have the adequate financial capacity to hire full-time trained auditors/accountants should outsource accounting professionals to consult so that they aid in driving the organization's performance positively. Participants in the current study possess higher tertiary qualifications in overall, it is worth noting that none of the participants has a specialized qualification in the field of finance or accounting such as Chartered Accountancy, CIMA qualification, ACCA or CFA. King IV (2016) stipulates that a robust risk management framework should be developed by the governing body to ensure that risks are mitigated and that the goals of the company are met and to ensure effective internal control.

During data collection of the current study, it was discovered that there was no internal audit department meaning that there was no internal auditor at the company. The IMF (2016) insists that the independent audit of the SOEs financial statements should be performed in compliance with the International Standards on Auditing to ensure that transparency is an essential condition for sound financial management. According to IPPR (2020), the last time TNHL published AFR was in 2013. The current study also discovered that there were no Annual Reports produced, prepared nor made available to the public by TNHL from the period 2014 to 2019 operating periods.

The financial performance takes into account the results of management decisions at the most fundamental level, and also the pace at which an entity performs these decisions

(Cunha et al., 2013). Findings from the study showed that a high percentage (65%) of the participants articulated that the financial performance at TransNamib Holdings was generally poor despite a few numbers of them (30%) being contrary to the view. Further revelations from the study findings showed that the major contributors to the poor performance as articulated by participants was mainly due to lack of planning and lack of expertise and these findings are in line with Mazzarol (2014) who expounded that the main causes of operating financial losses in the SOE in Sub-Saharan countries is poor financial performances which is caused by; lack of expertise, poor planning, and poor financial management practices.

Results from the current study indicated that key major factors that can influence poor financial performance of any company were: lack of internal control system (60%), lack of financial planning (60%) and lack of expertise (50%). Furthermore, the majority of the participants in the current study (65%) indicated that TransNamib Holdings Limited does not have capacity to improve financial performance. Therefore the results from the study are rational with Maurihungirire (2016) who postulated that most of the SOEs in Namibia are facing enormous challenges, such as manpower, degraded infrastructure, outdated equipment, lack of innovation, ineffective internal control, systems, rising operating costs, high maintenance costs and poor service delivery. Such problems have led to a sharp decline in sales rates, a rise in operating costs, a reduction in market share and, as a result, poor financial results.

The current study, further revealed that the extent of influence of unethical leadership to the financial performance of TransNamib Holdings Limited was of no knowledge to the participants as majority of them were undecided about its effect on financial performance.

Findings from the study were therefore incoherent with Limbo (2019) who emphasized that poor financial performance of SOEs has often been attributed to weak and unethical management practices of the CEOs and governing bodies of these institutions.

Adeusi (2016) elucidated that accountability is a framework for ensuring that adequate information regarding business operations is given to internal and external stakeholders by the management of an organization on performance in achieving the company's objectives. Findings from the current study disclosed that the governing body at TNHL were not held accountable for the poor financial performance of the company. This came with a huge percentage of the participants (65%) who indicated that no accountability measures have been carried out on the board of directors for the poor financial performance. Results from the study further indicated that the state of no accountability measures carried out for poor financial performance, defied with the Company Act 28 of (2004) which mandates directors to maintain adequate accounting records and to be responsible for the content and quality of the annual financial accounts and related financial information included in the annual reports of the Company, hence the situation culminated itself into poor financial performance.

The IPPR (2016) identified political patronage, moral hazard and a culture of secrecy and poor recordkeeping as issues related to corruption in the SOE sector because Namibia's SOE and government appointment processes of senior management especially the CEOs positions within SOEs have been politicized since independence. The current study unveiled that 70% of the participants indicated that, "yes" there was the weakness in the stakeholders' oversight with regards to holding the governing body and senior management accountable for poor financial performance at TransNamib Holdings

Limited. This dilemma was also discovered by Limbo (2019) who argued that the weakness in stakeholder oversight over governing bodies within the SOEs is usually a result of political protection and in some cases, personal or political affiliation and connectedness have surpassed early and adequate detection of corruption within SOEs and lower the probability of detecting poor performances within the SOEs. This practice affects the poor mostly because the taxpayers through government is consistently and continuously called on to bail out some SOEs in Namibia

Muogbo (2013) clarified that a company's financial performance is closely related to the implementation of strategic planning, which would increase the quality of day-to-day activities and will enhance the company's financial results. The current study found that major remedies to the poor financial performance of TransNamib Holdings were: transparency and teamwork followed by cutting cost, training of employees and an establishment of an audit department. Findings from the study were cemented by Westover & Taylor (2010) who suggested that if organizations enhance their employee's efficiency and effectiveness through inspiration, it will eventually increase its financial performance. Further revelations from the study findings concurred with Maurihungirire (2016) who concluded that when a business knows how its workers can be empowered, it can drive them to achieve their maximum quality and quantity production, which eventually positively impacts the financial performance of the company.

Accounting practices create accounting knowledge which is presented in annual business reports (Gouws & Cronje, 2008). Findings from the current study showed that there existed accounting policies at TransNamib Holdings Limited and these policies were operational, however further discoveries from the study unveiled that there was a huge non-compliance with these existing accounting policies (60% of the participants articulated so). Moreover, findings indicated that no effective internal controls were dealing with the preparation and approval of financial transactions at TransNamib despite the fact that the company conducted monthly management accounts and reconciliations. Results from the study on the presence of monthly management accounts and reconciliations were in line Mwaura (2017) who posited that it is very important to note that management accounting and financial management systems should be built and incorporated into any company to provide timely, reliable and comprehensive information to all levels of management or governing body in order to enable successful decision-making. Be that as it may, still with the non-compliance of the accounting policies observed, the consequences have been a poor financial performance of the company.

Amoako (2013) articulated that accounting information systems are foundations for accurate accounts for financial reporting. The study revealed that majority of the participants (100%) indicated that, there was an accounting information system used for proper recording of financial transactions at TransNamib Holdings. This is indeed further advised and accepted by Amoako (2013) who further maintained that it is extremely important to review annual financial statements in order to make educated decisions on an organization's activities, and the only way to prepare proper annual financial statements is by correct documentation of financial transactions in the accounting system e.g. SAP, and Pastel etc.

The State-Owned Enterprises Governance Act 2 of (2006), stipulated that the management must ensure that, in compliance with the International Financial Reporting Standards, the company's annual financial reports reflect accurately the state of affairs as at the end of the financial year and the performance of its sales and cash flows for the year then ended. In this study, 50% of the participants indicated that the company utilized accrual accounting while the other 50% indicated that the company utilized both cash and accrual accounting. According to Services (2019) financial transactions should be recorded using both accrual and cash basis in order to show a true reflection of financial activities in an entity. Therefore, this is a good practice because of a balance in the use of the two basis. This practice is also expected to be employed by accountants when they are recording financial transactions and its indeed coherent with PwC (2019) who eluded that financial transactions that lead to preparations of annual financial statements must be recorded and compiled in compliance with GAAP or the International Financial Reporting Standards and are consistently applied and backed by reasonable and prudent decisions and estimates based on relevant accounting standards.

The study further discovered that generally, the majority of participants had no idea as to what could be causing the management not to improve the audit comments for 2012 that reappeared in the 2013 financial period. From the participants who gave their opinions, the study unveiled that 25% of the participants indicated that there was ignorance from the governing body and management pertaining to the improvement of audit comments, while 10 % of them pointed towards the lack of qualified members governing body and management especially in the financial administration sector to in order improve the audit comments and another 10% articulated that, the governing body and management lack accountability and responsibility. Therefore it is hereby concluded that the factors attributing to management not to improve audit comments includes: ignorance, underqualified management and lack of accountability and responsibility and these factors were also enunciated by IPPR (2016) who stressed that in some SOEs in Namibia, personal affiliation and connectedness have trumped experience, skills and expertise when it comes to appointments of SOEs managing directors in Namibia.

Pakistan Railways (PR) has suffered ongoing, annual operating losses since July 2000, rising to around 22 billion rupees ($250 million) by the end of June 2011, suggesting a poorer liquidity status for that agency (CIMA, 2012). Results from the participants in this study on the causes of recurring losses at TNHL indicated that the major causes of recurring losses were lack of financial planning and deviation from the budget, these findings are consistent with the findings by CIMA (2012) who also discovered that the main causes of these losses were described as poor financial management practices; lack of key performance indicators; incompetent management policies; and corruption-a common factor in many organizations.

Further disclosures from this study disclosed that the least causes were low sales and lack of stability in leadership. This was also attested by IPPR (2020) who disclosed that TNHL never made any contribution to the National Budget between 2012 and 2019 operating periods and the company have been a subject of endless mismanagement and personal spats between its Board, senior management and Ministers. Furthermore, the findings from the current study are also well maintained by Limbo (2019) who unveiled that TNHL lacks an effective internal control structure and that the organization has certain problems that include economic viability and long-term sustainability associated with operating losses and debt accumulation.

CIMA (2012) further indicates that the main causes of ongoing losses within SOEs are attributed to poor financial management practices; inadequate management information system; lack of key performance indicators; incompetent management policies; and corruption-a common factor in many organizations. Findings from the current study agree with CIMA (2012) because the findings in this study also indicated that the challenges that led to recurring losses at TNHL were mainly: Lack of financial planning followed by lack of internal control than poor managerial practices and lack of expertise. Furthermore the findings from the current study are well maintained by Limbo (2019) who unveiled that TNHL lacks an effective internal control structure and that the organization has certain problems that include economic viability and long-term sustainability associated with operating losses and debt accumulation.

4.6 Chapter Summary

The data collected were coded, tabulated, and finally, frequencies and percentages were derived. Furthermore, the data collected was analyzed using a Statistical Package for Social Sciences and the data was fed into the Excel Spread sheet (2016) and summarized in the form of tables and graphs.

Results were presented in form of tables, pie charts and bar charts. The major findings of this study indicated that lack of financial planning followed by a lack of internal control then poor managerial practices and lack of expertise leads to poor financial performance and incompatible accounting practice at TNHL.

CHAPTER 5: CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This study aimed to investigate financial performance and accounting practice at TNHL, therefore in this chapter the conclusions and recommendations are presented.

5.2 Conclusions

Based on the data collected, analysed and presented, the study has successfully undertaken to investigate financial performance and accounting practice at TNHL. A solutions-oriented answer to the research problem and the primary objective of this study was attained in a comprehensive and integrative manner. The study concludes that the financial performance at TNHL was poor and this was contributed by lack of planning, lack of expertise and poor financial management practices. Since the governing body and senior management are not held accountable for poor financial performance, conclusions can also be further drawn that the governing body and management lack accountability and responsibility and this led to non-compliance with regards to financial policies.

The study further concludes that there was indeed weakness in stakeholders' oversight with regards to holding the governing body and senior management accountable for poor financial performance at TNHL because the company did not prepare the AFR for the period from 2014 to 2019 financial years. The major causes TNHL operating at losses for the past years was attributed by poor financial planning and deviation from the budget.

5.2.1 Research Objective 1

To investigate factors that influence financial performance by performing an in-depth analysis of the causes of recurring operating losses at TransNamib Holdings Limited

The literature reviewed have informed the first research objective and it has been therefore proven that lack of internal control system, lack of financial planning and lack of expertise major factors that can influence poor financial performance of any company. In the current study it was found and concluded that these are the same factors that influenced financial performance at TNHL. Furthermore, the majority of the participants in the current study (65%) indicated that, TransNamib Holdings Limited does not have capacity to improve financial performance. It is also concluded that weakness in stakeholders' oversight with regards to holding the governing body and senior management at TNHL unaccountable for poor financial performance have negatively impacted the company financial position and performances.

5.2.2 Research Objective 2

To study the financial performance and accounting practice at TransNamib Holdings Limited by reviewing their AFR for 2014 to 2019 financial periods

The study concludes that senior management and governing body lack accountability and responsibility because the company did not prepare the annual financial reports for the period 2014 to 2019 operating years. There was no review done on AFR because, there was no AFR prepared. The only alternative measures done were through the questionnaire, whereby the participants indicated that the governing body lack accountability and this led to non-compliance with Section 26(1) of the State Owned Enterprise Governance Act no. 2 of 2006. There existed accounting policies at TNHL and these policies were operational, however there was a huge non-compliance with these existing accounting policies. The study further concludes that there was an accounting information system used for proper recording of financial transactions but no effective internal controls were dealing with the preparation and approval of financial transactions at TNHL.

The company applies both cash and accrual bases of accounting. The governing body and management could not improve audit comments for 2012 that reappeared in the 2013 financial period. The study, therefore, concludes that the factors attributing to management not to improve audit comments includes: ignorance, underqualified members of the governing body and senior management, lack of accountability and responsibility. The study further concludes that accounting practice at TNHL is inconsistent and incompatible with the GAAP, IFRS and relevant accounting standards.

5.3 Recommendations

In order to improve TNHL's financial performance and to sustain consistent and appropriate accounting practice, the study recommends the following strategies:

- The study recommends that TNHL invest in performance development, performance improvement and performance management programmes. These exercises should entail the elements of strategic management, business process re-engineering, total quality management, human resource management, value management, knowledge management, innovation, customer focus, balance scorecards as they are the core of performance improvement methodologies.

- The study also recommends that TNHL should hire full-time personnel with a specialized qualification in the field of finance or accounting such as Chartered Accountancy, CIMA qualification, ACCA or CFA or the company should outsource accounting professionals to consult so that they aid in driving the organizations performance positively. The study also recommends that the members of the governing body and senior management should be well qualified.

- The study further recommends that TNHL should train personnel in the finance departments regarding financial information management systems especially those concerning strategic and operational planning of the company. It is further recommended that the company should draw up yearly or interim budgets and perform variance analysis in order to operate within the budgeted values to monitor overspending.

- The study recommends that the corporation invest in modern internal control systems in order to achieve efficiency, mitigates fraud and arrest corruption. It is further recommended that the company should establish an internal audit department and employ an internal auditor to ensure effective internal controls. The internal auditor would also aid in the preparations of proper annual financial statements with correct supporting documentation of financial transactions in the accounting system.

- The study recommends further that the governing body and senior management should be held accountable for the poor financial performance of the company. The governing body and senior management should implement transparency and teamwork in order to enhance their employee's efficiency and effectiveness through inspiration.

- The company should educate the staff members across all departments with regards to the importance of the accounting policies of the corporation in order to sustain compliance with accounting policies, the study further recommends that the governing body and senior management take full responsibility and accountability for the operation of the corporation.

5.4 Recommendations for further research

This study has identified broad variables responsible for the poor financial performance of TNHL. All the factors highlighted in the data analysis and presentations sections provide sufficient ground for further detailed research to highlight the specific roles of each factor in the financial performance of the SOEs in Namibia. The literature has revealed that poor financial planning and lack of accountability has a negative effect on SOEs financial performance. Therefore, future research is recommended with a wider scope and larger population focusing on the possible measures and strategies that TNHL can implement in order to generate sufficient revenue to sustain its operations.

REFERENCES

Adeusi S, Akeke N, Aribaba F and Adebisi O (2016). Corporate Governance and Firm Financial Performance: Do Ownership and Board Size Matter. *Academic Journal of Interdisciplinary Studies* Vol 2 pp. 251-258

Ali Matar and Bilal Mohammad Eneizan (2018). Determinants of Financial Performance in the Industrial Firms: *Evidence from Jordan Asian Journal of Agricultural Extension, Economics & Sociology* 22(1): 1-10, 2018; Article no.AJAEES.37476 ISSN: 2320-7027

Amando, M. I. (2016).The role of Railway transport to socio-economic growth in TaboraMunicipality.*Retrieved,from,https://scholar.google.com/scholar?hl=en&as_sdt=0%2C5&q=THE+ROLE+OF+RAILWAY+TRANSPORT+TO+SOCIO ECONOMIC+GROWTH+IN+TABORA+MUNICIPALITY&btnG*

Amoako, G. K. (2013). Accounting practices of SMEs: A Case Study of Kumasi Metropolis in Ghana. *International Journal of Business and Management*, 8(24).

Ashok Chakraborty (2015). *Impact of Poor Accounting Practices on the Growth and Sustainability of SMEs.* The International Journal Of Business & Management- May 2015 - (ISSN 2321 –8916)

Ash, P (2015). “TransNamib back from the brink”. (Available at *https://www.railjournal.com/in_depth/transnamib-back-from-the-brink, last accessed, 12 September 2019)*

Beattie, V. and Jones, M.J. (2001). *A six-country comparison of the use of graphs in annual reports.* International Journal of Accounting 36(2).

Begg, D., von Neudegg, M., Miles, J. and Israelson, C. (2013). Organizations—*More About General Risk. Cases in Sustainable Tourism: An Experiential Approach to Making Decisions*. International Journal of Accounting.

Belkaoui, A. (2004). *Accounting Theory, 5th edition. London: International Thomson Business.*

Bertram Carol and Christiansen Iben (2016). Understanding Research. *An introduction to reading research.* Van Schaick Publisher. P. 42

Boko, F., and Qin, Y. J. (2011*). Failure of State-Owned Enterprises in Benin. Management and Service Science (MASS),* International Conference on Management and Service Science.

Brigham, E. F., and Houston, J. F. (2012). Fundamentals of financial management.

Cengage Learning. 6th edition. London/ New York:

Chata Tariro (2010). Thesis. *An evaluation of the relationship between corporate governance and corporate performance of public enterprises in Namibia:* A case study of Telecom Namibia & Air Namibia.

CIMA (2012). *Corporate Reputation perspectives of measuring and managing:* A principal risk, London: Elsevier Publishers.

Cohen L, Manion L, and Marrison K, (2011). *Research Methods in Education*. 7th edition. London/ New York: Routledge Falmer.

Collins, K.J., du Plooy, M.G., Grobbelaar, M.M., Puttergill, C.H., Blache Terre, M.J., Eedern, R., Rensburg, G.H., and Wigston, D.J. (2000). *Research in the Social Sciences.* Pretoria: UNISA.

Courtney, R., Marnoch, G., and Williamson, A. (2009). Strategic planning and performance: an exploratory study of housing associations in Northern Ireland. *Financial Accountability & Management, 25(1).*

Cresswell, J. (2006). *Research Design: qualitative, quantitative and mixed-method approaches*. London: Sage.

Cunha, D. B., de Souza, B. D. S., Pereira, R. A., and Sichieri, R. (2013). *Effectiveness of a randomized school-based intervention involving families and teachers to prevent excessive weight gain among adolescents in Brazil*. PLoS One, 8(2).

Deloite (2011). Elevating board effectiveness: *Monitoring corporate performance, London:* Deloite Development LLC publishers.

Drury, C. (2018). Management and cost accounting, 9th Ed: South-Western, London.

Fatoki, O. (2012). *An Investigation into the financial management practices of new micro-enterprises in South Africa*. *J Soc*.

Gouws D.G and Cronje C.J(2008). *Corporate annual reports: accounting practices in transition.*

Grobler, J (2012). “TransNamib begs for state help” (available at, https://mg.co.za/article/2012-06-07-transnamib-begs-for-state-help, last accessed, 13 September 2019)

Hadija, N. and Samuel, N. (2012). *Ensuring Accountability in State-Owned Enterprises: Examining the role of annual reports from middle-income country's perspective.* Legon-Accra: University of Ghana Business School.

Hellman, J. and Schankerman, M. (2000), “*Intervention, corruption and capture: the nexus between enterprises and the state*”, Economics of Transition, Vol. 8, No. 3, pp. 545-576.

Helfert, E.A. (2003). *Techniques of financial analysis. A guide to value creation,* McGraw Hill,

Henderson K.J (2019). What Are the 4 Types of Audit Reports? Retrieved; https://smallbusiness.chron.com/4-types-audit-reports-3794. html ; 08.February 2020.

Iikela, S. (2018, November 23). “TransNamib wants N$2,5b for five years”. *The Namibian.* (Available at *https://www.namibian.com.na/183220/archive-read/TransNamib-wants-N$25b-for-five-years, last accessed 16 July 2019)*

International Monetary Fund (2016). Fiscal Policy; *How to improve the financial oversight of public corporations.* Fiscal affair department.

Institute Of Public Finance of Croatia (2018). *Prudent and responsible public sector financial management, financial performance of state-owned enterprises,* No. 5 (January 2018).

Institute for Public Policy Research (2016). *Briefing paper SOE Governance in Namibia: Will a hybrid system work*? Windhoek: Institute for Public Policy Research.

Institute for Public Policy Research (2020). *Public Enterprises Annual Ranking*. March 2020. Issue No.1

King IV (2016). *Report on Corporate Governance for South Africa 2016.*

Kuugongelwa-Amadhila, S. (2012). *How can SOEs best embrace efficient Management of their Human, Capital and ICT resources to enhance their Developmental role?* Windhoek: Ministry of Finance.

Lee, Y. K., Kim, K. W., and Park, J. W. (2013). The Effects of Public Enterprise

Management Evaluation on Business Performance: *Focusing on the Incheon*

International Airport Corporation. International Business Research.

Leedy , A (2014). Research Methods: *A Practical Guide for the Social Sciences. Essex:* Pearson Education Limited.

Lenghel Radu Dorin (2015). *Types of opinion expressed by statutory auditors.*

Liu, Y., Huang, Y., Luo, Y., and Zhao, Y. (2012). How does justice matter in achieving buyer-supplier relationship performance? *Journal of Operations Management, 30(5).*

Maurihungirire Marilyn (2016). *An analysis of financial performance of State-Owned Enterprises:* A case study of TransNamib Holdings Limited.

Mbako M (2017). *Drivers of Organizational Performance*: An SOEs perspective. March 2017

Mazzarol, T. (2014). *A Review of the latest research in the field of small business and entrepreneurship: Financial management in SMEs*. The journal of SEAANZ, 2-1

Mo, S., Wang, Z., Akrivou, K., and Booth, S. A. (2012). Look up, look around: Is there anything different about team-level OCB in China? *Journal of Management & Organization, 18, 818-832. Retrieved from http:*//journals.cambridge.org/action/displayJournal?jid=JMO

Muogbo, U. S. (2013). The Influence of Motivation on Employees' Performance: A

Study of Some Selected Firms in Anambra State. AFRREV IJAH: *An*

International Journal of Arts and Humanities.

Mwaura, K (2017). "*The Failure of Corporate Governance in State-Owned Enterprises and the Need for Restructured Governance in Fully and Partially Privatized Enterprises*: The Case of Kenya", Fordham International Law Journal, Vol. 31 No. 1.

PwC (2019). IFRS Overview 2019

Ruslana Kuzina (2013). *Conceptual Framework for Financial Reporting: Current State, Development and Application Outlook in Ukraine.* Socio-economic Research Bulletin, 2013, Issue 3 (50).

Services Cathrynne (2019). Gripping GAAP. *Your Guide to International Financial Reporting Standards.* 2019 Edition.

Shipanga, I., and Strompen, F. (2010). *Performance contracts to increase efficiency in the transport sector:* The case of the Namibian state-owned enterprises.

Smit, N. (2011). Politics protect poor performers. *The Namibian*, 21 December 2011; available at *https://www.namibian.com.na/89691/archive-read/Politics-protects-poor-performers.*

State-Owned Enterprises Governance act 2006, Act *No. 2 of 2006*

Staubus, G.J. (1995). *An Induced Theory of Accounting Measurement: Foundations of Accounting Theory and Policy.* Orlando, FL: Dryden Press.

TransNamib Holdings (2012 - 2017). *Annual Financial Reports*, Windhoek

Trivedi, Shilpa M., (2010). *An analysis of financial performance of State Road Transport Corporation in Gujarat*, thesis PhD, Saurashtra University.

Van Der Walt and Van Rensburg (2012). *The practise of qualitative research*, 2nd Ed. London

Wan, F., Wan, Y. and Idris, A. A. (2014), Corporate Governance and Firm Performance of Listed Companies in Malaysia, *Trends and Development in Management Studies.*

Wang, C., Hong, J., Kafouros, M., and Wright, M. (2012). Exploring the role of government involvement in outward FDI from emerging economies. *Journal of International Business Studies*

Waters, D. (2010). *Essential Quantitative Methods: A guide for business*. London: Financial Times Prentice Hall.

Weir C, Laing, D. and McKnight P. J. (2016) Internal and external governance mechanisms: Their impact on the performance of large UK public companies, *Journal of Business Finance and Accounting*, *Vol 29(5).*

Westover, J. H., and Taylor, J. (2010). International differences in job satisfaction: The effects of public service motivation, rewards and work relations. *International Journal of Productivity and Performance Management.*

Wolk, H.I., Tearney, M.G. and Dodd, J.L. (2000). *Accounting Theory: a Conceptual and Institutional Approach, 5th ed. Cincinnati, OH:* South-Western College Publishing.

Yin R. K. (2013). *Case study research: Design and methods*. Sage publications.

APPENDIX A: RESEARCH PERMISSION LETTER

CENTRE FOR POSTGRADUATE STUDIES

University of Namibia, Private Bag 13301, Windhoek, Namibia
340 Mandume Ndemufayo Avenue, Pioneers Park
☎ +264 61 206 3275/4662; Fax +264 61 206 3290; URL.: http//www.unam.edu.na

UNAM
UNIVERSITY OF NAMIBIA

RESEARCH PERMISSION LETTER

Student Name: Mr Sakeus Kapenambili

Student number: 200613715

Programme: Master of Science (Accounting and Finance)

Approved research title: An investigation of financial performance and accounting practice at TransNamib Holdings limited

TO WHOM IT MAY CONCERN

I hereby confirm that the above mentioned student is registered at the University of Namibia for the programme indicated. The proposed study met all the requirements as stipulated in the University guidelines and has been approved by the relevant committees.

The proposal adheres to ethical principles as per attached Ethical Clearance Certificate. Permission is hereby granted to carry out the research as described in the approved proposal.

Best Regards

Centre for Postgraduate Studies
Office of the Director
07 NOV 2019
2019 -11- 07
Date
University of Namibia
UNAM

Name: Prof M. Hedimbi
Director: Centre for Postgraduate Studies
Tel: +264 61 2063275
E-mail: directorpgs@unam.na

APPENDIX B: RESEARCH QUESTIONNARE

My name is Sakeus Kapenambili Student Number 200613715. I am a final year student at the University of Namibia, enrolled for Master of Science in Accounting & Finance. My thesis is entitled: **An Investigation of Financial Performance and Accounting Practice at TransNamib Holdings Limited**. To enable me complete my dissertation, I kindly require the participation of TransNamib Holdings Limited governing body (Board Members) and employees in the auditing/finance & administration departments, head office. Participants will remain anonymous and the information will be kept confidential. Your assistance is of utmost importance and highly appreciated.

I am look forward to receiving your responses.

Thank you!

Regards,

…………………………………………

Sakeus Kapenambili (200613715)

Section A – Demographic Information

Please fill in the appropriate box with a cross (X) and kindly specify where necessary.

1. Gender

Male		Female	

2. Are you employed by TransNamib Holdings Limited?

Yes		No	

3. What is your level of employment?

Board Member		Senior Manager	
Middle Level Manager		Others	

4. Type of employment

Permanent		Contractual	
Intern		Others	

5. How long have you been employed by TransNamib Holdings Limited?

0 - 5 years		11 – 15 years	
6 - 10 years		16 – 20 years	
21 years and above			

6. What department are you from?

Finance		Administration	
Internal Audit		Others ………………………	

7. What is your highest academic qualification(s)?

Certificate ………………………………………		Diploma ………………………………	
Bachelor's Degree (Honours) ………………………………………		Post-Graduate Diploma ……………………………….	
Master's Degree ………………………………………		PhD ……………………………….	

8. Do you have any professional qualification(s)?

Yes ……………………………………………………		No	

<u>Section B – Financial Performance</u>

Please fill in the appropriate box with a cross (X) and kindly specify where necessary.

2.1 What is your view on the financial performance of TransNamib Holdings Limited?

Poor		Average		Good	

2.2 If your answer in 2.1 is Poor, which of the following would you say contributed to the poor financial performance of TransNamib Holdings Limited?

Lack of expertise		Lack of planning		Don't know	

2.3 In your view, what factors influence poor financial performance of any company?

Causes	**Very High**	**High**	**Undecided**	**Low**	**Very Low**
Poor managerial practices					
Lack of financial planning					
Lack of expertise					
Insufficient funding					
Unethical Leadership					
Lack of effective internal control system					

2.4 If your answer in 2.1 is Poor, have the governing body (board of directors) and senior managers of TransNamib Holdings Limited ever being held accountable for the poor financial performance of the company?

Yes		No		Don't know	

2.5 Do you think there is weakness in the stakeholders' oversight?

Yes		No		Don't know	

2.6 If your answer in 2.1 is Poor; in your view, does TransNamib Holdings Limited have the capacity to improve its financial performance?

Yes		No		Don't know	
………………………………………………………………………………………					

2.7 Can the change in operations/market dynamics contribute to positive financial performance of TransNamib Holdings Limited?

Yes		No		Don't know	
………………………………………………………………………………………					

2.8 In your view, what could be the challenges that lead the company to poor financial performance?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
………………………………

2.9 What are the possible interventions that can be put in place to rescue the situation in TransNamib Holdings Limited?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
………………………………

2.10 What are the possible plans that can improve the financial performance of TransNamib Holdings Limited?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
………………………………

Section C – Accounting Practice

Please fill in the appropriate box with a cross (X) and kindly specify where necessary.

3.1 Are there internal financial/accounting policies in TransNamib Holdings Limited?

Yes		No		Don’t know	

3.2 If your answer at 3.1 is yes, are these policies operational?

Yes		No		Don’t know	

3.3 In your view, are these financial/accounting policies being complied with?

Yes		No		Don’t know	

3.4 Does TransNamib Holdings Limited have an accounting system/software that allows for the proper recording of financial transactions?

Yes		No		Don’t know	

3.5 Are there effective internal controls in place concerning the preparation and approval of financial transactions, ensuring that all financial transactions are correctly made, recorded and adequately explained?

Yes		No		Don’t know	

3.6 Does TransNamib Holdings prepare monthly management accounts?

Yes		No		Don’t know	

3.7 Are there monthly reconciliations of financial transactions to supporting documentations?

Yes		No		Don’t know	

3.8 If your answer at 3.7 is yes, if there are reconciliation differences, are actions taken to resolve these reconciliation differences?

Yes		No		Don’t know	

3.9 What is the basis of accounting (e.g. Cash, Accrual) used by TransNamib Holdings Limited with regards to recoding of financial transactions?

Cash		Accrual		Both	

3.10 TransNamib Holdings obtained qualified audit reports in 2012 and 2013, some of the issues noted in the audit reports in 2012 audited financial report reappeared in 2013 audit report, Why is it hard for governing body and management to improve the audit comments through their management meetings ?

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
………………………………

3.11 According to your own understanding what could be the cause of recurring operating losses at TransNamib Holdings Limited for the past years?

……
……
……
…………………………………