CONTRIBUTION OF ENTERPRISE RISK MANAGEMENT AND INTERNAL AUDIT FUNCTION TOWARDS QUALITY OF FINANCIAL REPORTING IN UNIVERSITIES IN A DEVELOPING COUNTRY

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Abstract

Quality of financial reporting is limited to issues of compliance to statutory provisions under which state enterprises in Zimbabwe operate, usefulness of the reports produced and their impact on the national fiscus. It is thus measured by way of compliance to these expectations and is indicated by way of a disclosure index signifying the presence of each of the expected aspects. This study therefore sought to establish the contribution of enterprise risk management and internal audit function towards the quality of financial reporting in universities in Zimbabwe. The study adopted a desktop analysis where relevant literature was reviewed. Quality of internal audit function was found to influence quality of financial reporting in that the strength, or quality, of the IAF will contribute to a distinctly different control environment depending on the strength of the good corporate governance in the university. Findings of this desktop research have undoubtedly revealed the gaps in the governance processes in state universities and it is envisaged that a careful analysis of these lacunas will provide a guide in the development of strategies and policy that strengthen state enterprise governance processes. It is hoped that this will help the parent ministry in charge of state enterprises, and, the relevant management of specific state enterprises to determine the magnitude of resources and efforts for implementation of efficient and effective enterprise risk management, internal audit function and corporate governance systems.

Keywords: Corporate Governance, Internal Audit, Enterprise Risk Management, Financial Management

1. INTRODUCTION

While some prior studies (Hoyt and Liebenberg, 2011) have focused on the effect of Enterprise Risk Management (ERM) on firm performance and value, they have not explicitly addressed the relationship between ERM and the quality of the financial reporting process. A strong financial reporting process includes diligence by preparing and monitoring parties such as the audit committee and auditors in providing accurate and transparent financial reports and associated disclosures.

On the other hand, the audit process and audit quality have a significant impact on the quality of financial reports (Knechel et al. 2013). A few prior studies (e.g Kochetova-Kozloski and Messier, 2011) have examined the effect of strategic analysis and strategic risk (components of ERM) on auditor judgments, but these studies have not considered the effect of ERM on the audit process and audit judgments from a broader, more holistic contingent perspective. The strength of ERM impacts the company's monitoring of controls over major business risks, which is important for auditors to consider in audit planning (Bell et al. 2002). Further, although audit committees and Chief Finance Officers (CFOs) are increasingly required to play a critical role with respect to ERM (Mikes, 2009), there has been no research that examines how either audit committees or (Chief Finance Officers) CFOs view the role of ERM in ensuring a high quality financial reporting framework.

A consideration of the concept of quality of financial reporting clearly results in discordance in its epistemology or, rather, results in a lack of consensus on a working definition. According to McVay (2013), despite the lack of a standard definition, what is clear though is that efforts seem to point to the conclusion that financial reporting quality is contingent to the environment of the reporting entity. Thus, quality financial reporting must be the natural consequence of quality work performed by management, auditors, and stakeholders, and monitored as well as approved by regulators.

Different authors define financial reporting quality in different ways. Asare et al (2014) define quality as '…a hierarchy of accounting qualities, with relevance and reliability considered the primary ones. In addition, the statement has a set of criteria, such as representational faithfulness, verifiability, neutrality, predictive value, feedback, comparability, consistency, and timeliness".

Palea (2013) states that standard setters, regulators, and policy-makers all have a vital interest in the effect of financial reporting on the economy. This interest according to him is due to the economic consequences associated with financial information. Financial information influences investors' behavior with respect to portfolio selection, which in turn affects security prices and, therefore, the terms on which a firm obtains additional financing

The major objective of this research was to review data on the contingency theory of ERM and IAF so as to assess their joint impact (as seen in corporate governance) on the quality of financial reporting.

1.2. Statement of the Problem

State enterprises in Zimbabwe have been the country's bane, draining the fiscus while failing to perform the functions for which they were set out to do, The Herald (9 September 2014). Most of the 78 parastatals have been reporting huge losses, putting further strain on government coffers. Their bosses have been accused of drawing huge salaries and benefits from the loss making enterprises. These enterprises should play a big role in the revival of the economy but in the face of the above, most have since collapsed. Coupled with dwindling government funding of state enterprises in Zimbabwe, this collapse was imminent.

Resultantly it has now emerged that there has never been a greater need to improve on corporate governance and risk management so as to see to the optimal allocation and utilization of public resources. The increased corporate scandals and mismanagement has also stressed the need for an overhaul of the current accountability efforts for state run enterprises. Any system of accountability should be driven by a specific reporting framework that has measureable attributes or constructs against which performance may be compared.

It has been asserted that corporates that adhere to the requirements of a specific reporting framework are considered as producing quality reports per that framework. The reverse is true for those that fail to meet the expectations of their preset framework. Failure to comply with a preset reporting framework exposes an entity to operational and eventual financial risk. This may also be taken as poor corporate governance in that the interpretation is, if not compliant, what then is the objective of management in not doing so. Very often it turns out that corporates find some frameworks rather too stringent and difficult to follow. The question then remains does this constitute poor quality reporting and of what use is good quality reporting to a state enterprise whose prime objective is service and infrastructure delivery rather than profit making? It remains imperative that there be an effort to establish the causative relationship between good corporate governance encompassing enterprise risk management, and quality reporting. This is necessary as it helps to set out the benchmark against which future corporate performance may be measured.

1.3. Key Goals of the Study

Our key goal in conducting this study was to investigate how the triad combination of internal audit function quality, ERM and good corporate governance work synergistically to create a control environment that can influence the quality of financial reporting. Since the strength of the internal audit function in ERM and good corporate governance are integral components of internal control, our interest was in examining how these two factors come together and influence an accounting decision which will ultimately affect reporting quality.

1.4. Objectives of the Study

1.To examine the relationship between enterprise risk management and good corporate governance.

2.To examine the relationship between enterprise risk management, good corporate governance and internal audit function.

3.To examine the nature of the impact of the triad of ERM, IAF and CG on financial reporting quality.

1.4.1. Research Questions

The research questions were as follows:

1. What is the relationship between enterprise risk management and good corporate governance?
2. What is the relationship between enterprise risk management, good corporate governance and internal audit function?
3. What is the nature of the impact of the triad of ERM, IAF and CG on quality of financial reporting?

1.4. Scope of the Study

1.4.1. Conceptual scope

This study zoomed in on the impact of the triad of ERM, IAF and CG on financial reporting quality. For purposes of this study the IAF and ERM have been taken to be components of good corporate governance. Each has however been individually assessed so as to independently consider its impact on the quality of financial reporting.

Quality of financial reporting is limited to issues of compliance to statutory provisions under which state enterprises in Zimbabawe operate, usefulness of the reports so produced and their impact in the national fiscus, and the general true and fair representativeness of the financial position or operating results of respective state enterprises. Financial reporting quality is thus measured in this research by way of compliance to these expectations and is indicated by way of a disclosure index signifying the presence of each of the expected aspects as described earlier on.

1.5. Significance of the Study

1. The findings of this study are expected to contribute towards capacity building in the fields of corporate governance and ERM and are envisaged to eventually give rise to quality financial reporting by Zimbabwean state enterprises.

2. It is also hoped that this will highlight the shortfalls and gaps that need mending in the efforts at compliance with the requirements of regulatory authorities on the management of public state enterprises.

3. The findings which are expected to be compliant with the national blueprint, ZIMASSET, will contribute to the development of future research on ways of improving governance systems in state enterprises in Zimbabwe and indeed in the region.

4. The government is to benefit from improved governance of state enterprises upon adoption of the recommendations of this research. The improved governance processes will see state enterprises moving from being primarily cost centres or providers of public services and goods to profitable entities that also contribute to the Consolidated Revenue Fund in a positive manner.

1.6. Limitations of the study

The only limitation of the study was the fact that we did not review the effects of any other factors that may undoubtedly also affect financial reporting quality. The effect of these has been assumed to be homogeneous across all state enterprises and hence insignificant to the effort at hand. This was also due to time and funding constraints.

2. QUALITY OF FINANCIAL REPORTING

Different groups define financial reporting quality in different ways. The Financial Analysts Federation (FAF), a branch of the Association for Investment Management and Research (AIMR), does summary evaluations of disclosure practices for selected companies, based on their aggregate disclosure efforts over a fiscal year. Analysts evaluate the timeliness, detail, and clarity of information presented and then come with a disclosure index as a measure of quality. Disclosure is the act of releasing all relevant information pertaining to a company that may influence an investment decision. The disclosure index is thus a measure of how much information the organisation is releasing into the public domain.

On one hand the FASB Concepts Statement 2, *Qualitative Characteristics of Accounting Information*, defined quality as '…a hierarchy of accounting qualities, with relevance and reliability considered the primary ones. In addition, the statement has a set of criteria, such as representational faithfulness, verifiability, neutrality, predictive value, feedback, comparability, consistency, and timeliness". One is then compelled to probably conclude that overall financial reporting quality is thus assessed on the basis of how well the reporting entity has covered each of the criteria given above. This result in a given disclosure index.

The 1994 AICPA Special Committee on Financial Reporting (the Jenkins Committee) did not refer to the "quality of financial reporting" but rather the "quality of reported earnings." Its definition is not very instructive, and it appears that quality is related to both the ability to predict and the relevance of the information. In identifying quality, the Jenkins Committee used several concepts that emphasize users' needs, such as understanding the nature of a company's businesses and performance, changes affecting the company, management's perspective, and others.

Standard and Poor's (2010) considers accounting quality as a factor useful in coming up with an industrial bond issue rating and not as an end in itself. They affirm that firms that consistently make timely and informative disclosures are considered less likely to withhold relevant unfavourable information. Although one should expect that "better" corporate governance leads to improved financial reporting, there is a lack of consensus as to what constitutes "financial reporting quality. Jonas and Blanchet (2000, 353) state, "in light of Sarbanes-Oxley (2002) new requirements, auditors, audit committee members, and management are now struggling to define "quality of financial reporting."

Cohen et al. (2008) assert that rather than define "quality of financial reporting," it was more important to analyze factors such as earnings management, financial restatements, and fraud that clearly inhibit the attainment of high quality financial reports. One would then be expected to infer financial reporting quality by reference to the presence of these factors as evidence of a breakdown in the financial reporting process. Also one has to examine the role of the various players in the governance mosaic, as discussed below and the extent to which these players either individually or collectively influence the attainment of financial reports that are free from material misstatements and misrepresentations. This synergistic interplay is what regulates financial reporting quality and is the main focus of this study.

2.2. Enterprise Risk Management

COSO (2004) defines ERM as "…. a process deliberately evoked by an entity's board of directors, management and other personnel, applied in a strategy setting and across the enterprise, and designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives".

One advantage of ERM has over traditional risk management activities, which evaluate risks within a particular department or function, is that ERM looks at the risks of the firm as a whole and cross-functionally. Thus, ERM adopts a more holistic approach to risk management compared with a "silo" approach (Mikes 2009, 2011), where the focus on risks may be myopic and hence could result in an under or over estimation of risks that the entity as a whole is exposed to. There is also increasing regulatory emphasis on ensuring that there is sufficient governance oversight of the ERM process in public enterprises.

2.3. Internal Audit Function

The role of IAF is to evaluate and monitor the effectiveness of a company's internal control system (Kaplan and Schultz 2007). Through this monitoring role, the IAF helps a company achieve its objective of reliable financial reporting by scrutinizing the actions of management and acting as a deterrent to aggressive financial reporting (Prawitt *et al.* 2009). The IAF also provides assurance on the effectiveness of internal control (i.e., ensuring all transactions are supported by proper documentation) through its periodic evaluation and test of controls and day-to-day oversight of management activities.

There has been limited research on the association between the IAF and decisions made in the financial reporting process. Schneider and Wilner (1990) determine that the presence of an IAF is a deterrent to financial reporting irregularity in the case of an unambiguous potential GAAP violation (i.e. a material write down of inventory to the lower of cost or market value). Asare *et al.* (2008) found that internal auditors are sensitive to, and adjust their audit plans in response to, changes in management performance incentives which can influence management's reporting intentions. However, Davidson et al. (2005) suggest that the voluntary establishment of an IAF does not lead to a significant reduction in the level of discretionary accruals. Thus, while the findings from Asare et al. (2008) suggest the IAF can influence the financial reporting process in unambiguous situations, Davidson et al. (2005) suggest that internal audit does not necessarily improve performance measured by discretionary accruals. Prawitt *et al.* (2009) shed light on this apparent contradiction by showing that IAF *quality*, and not just the *presence* of an IAF, is associated with a moderation in the level of earnings manipulation management and, therefore, plays an important role in the financial reporting process. No studies so far highlight similar or divergent thought in the case of not-for profit or public institutions.

2.4 Corporate Governance

Corporate governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Corporate governance (CG) involves a set of relationship between a company's management, its board, its shareholders and other stakeholders. These relationships form what is referred to as the corporate governance mosaic (Cohen et al., 2008).

2.4.1. Good Corporate Governance

The corporate governance mosaic impacts the quality of financial reporting (e.g., transparency, objectivity) and, in the extreme, earnings manipulation and outright fraud. The governance mosaic includes those stakeholders inside and outside the firm. Unfortunately prior research and the accounting profession have concentrated their focus primarily on the board of directors and the audit committee. This has given the impression that these two are the only or most important players in the governance mosaic. This is not so. For instance, the external auditor plays a significant role in monitoring financial reporting quality and hence can be viewed as an important participant in the governance process. All other players work synergistically in the corporate governance mosaic and deserve equal air play as the audit committee and the board of directors. Examples of such other actors include, but are not limited to, regulators, legislators, financial analysts, stock exchanges, courts and the legal system, and the shareholders. More so, current debate has failed to talk to the interplay between the stakeholders. These interactions such as those among the audit committee, the external auditor, the internal auditor, the board, and the management are crucial to effective governance and to achieving high quality financial reporting (Sarbanes-Oxley Act 2002). This interplay is also affected by outside forces such as by regulators and stock exchanges as well as by pressure to meet the stringent expectations of financial analysts. Thus external players often shape and influence the interactions among the members of the mosaic who are more directly involved in the governance of the organization.

Also pathetic to research on corporate governance is the manner in which the governance debate has been unfairly looked at. For example, the Public Oversight Board presented a narrow view of corporate governance by regarding it as a monitoring activity that provides oversight activities on the financial reporting process. Corporate governance plays a much more important role within an organisation. Larcker et al. (2008, 1) also debate this lack of deeper research by saying that current research has not been able to explain managerial behaviour and how this impacts organizational performance. Cohen et al. (2008) conducted an interview study with experienced auditors and revealed that management has a significant influence over these parties. Some of the auditors in that study argue that if management does not want to be "governed", they can't be (Cohen et al. 2002:582). Moreover, management is fraudulently capable of placing passive, compliant members on the board that may satisfy regulatory requirements but are reluctant to challenge their appointers, the management.

When all the components of the (Corporate Governance) CG framework operate effectively and are well coordinated, corporate governance provides a platform to improve business performance and enhance stakeholders' value. Through actions and policies, executives create a tone at the top that shapes the ethical culture and climate within an organization (Sweeney et al. 2010; Victor and Cullen 1988) and significantly influences financial reporting decisions (D'Aquila, 1998). In a review of the financial reporting system, The Treadway Commission (1987:32) found that the tone set by top management, the corporate environment or culture within which the financial reporting occurs, is the most important factor contributing to the integrity of the financial reporting process.

In a survey of CPAs, D'Aquila (1998) concludes that a tone at the top of an organization that fosters ethical decisions has a significant impact on financial reporting decisions. Research on management accountants shows that corporations with top managers who are concerned with ethical values are less likely to pressure employees to materially alter financial results (Lamberton *et al.* 2005). Merchant and Rockness (1994) surveyed accounting managers and found that managers from a company with weak good corporate governance (i.e. a major fraud incident had just occurred) rated earnings management scenarios differently than managers from an organization with stronger good corporate governance. The influence at the top can also be found in accounting firms. For example, research shows that the ethical culture of the firm influences the judgments of auditors regarding independence and confidentiality issues (Douglas et al. 2001) and premature sign-offs on the audit work papers and time underreporting (Sweeney *et al.* 2010).

Social learning theory suggests that setting the tone at the top will inspire individuals within the organization to emulate the behaviour of attractive role models like ethical leaders (Bandura 1977, 1986). Utilizing social learning theory, research suggests that good corporate governance trickles-down from the top level of management, to immediate supervisors, and ultimately to employees (Mayer et al. 2009). For the financial reporting process, this trickle down impact is important because it means that by setting the tone at the top, ethical leaders can influence the reporting behaviour of not only management but also of those employees making the day-to-day decisions including final accounts preparation like deputies or assistant bursars and accounting assistants.

2.4.2. Ethics and Moral Intensity

Moral intensity has been found to affect the ethical decision-making process in both a general business and accounting context (Ng *et al.* 2009; Waldron 2010). Jones et al (2003) suggest that "…moral issues vary in their moral intensity. If there is no variation in the moral intensity of an issue, all moral issues are perceived as having the same exact impact (i.e., a $100 misstatement on an expense report is viewed with the same moral intensity as a $1 million misstatement on an audited financial statement). Jones identifies six components of moral intensity: the magnitude of consequences, social consensus, and probability of effect, temporal immediacy, proximity, and concentration of effect".

Jones et al (2003) clearly state that moral intensity focuses on the issue, not the person or the organizational context. However, it is our contention that organizational context i.e issues that are contingent to the specific organisation can influence employees' perception of the moral intensity level of any given issue. For example, in considering the magnitude of consequences, Jones, ibid, suggests that many moral issues are trivial in terms of their economic or social consequences. One however needs to remember that triviality is relative in that what may be trivial in one organisation may not necessarily be trivial in the next, another case witnessing the importance of considering issues by way of the contingency theory. The organisational context is a force to reckon with in this regard. For instance, when there is a strong IAF or strong good corporate governance, an issue may be perceived as non-trivial but when there is a weak IAF or weak good corporate governance, the same issue may be perceived as trivial.

In considering social consensus, Jones et al (2003) argue that it is difficult for people to know what good ethics are in a given situation without looking to others to understand what is considered acceptable ethical behaviour. This clearly outlines the importance of benchmarking and it is at this point that standards setters come in handy. Just as before, differing organizational environments (such as one with strong IAF versus a weak IAF) will produce two differing social consensus assessments of the same ethical issue.

In speaking to probability of effect, Jones, ibid, states that the expected consequences are a product of the magnitude of the consequences, the probability of harm taking place, and the probability that the action will cause the predicted harm. As for temporal immediacy (the fourth component of moral intensity), Jones argues that people discount the impact of events that occur in the future. In other words, people tend to attach little importance to future events. This is in obvious discordance with the requirement that quality of financial reporting is dependent on its ability to provide a predictive effect of the future operation of an entity. The longer people perceive the time between the act and the consequences, the greater the likelihood not to pay attention to the effects or consequences of the act. And as argued before, different work environments may create differing perceptions of temporal immediacy. For example, if there is a weak ethical leader, employees may perceive the consequences of their actions to be more distant than when there is a strong ethical leader. That is, they tend to think that it will take ages before the leadership discovers any anomalies as a result of their misdemeanour.

Given the rationale described above that organizational context may influence the various components of moral intensity, we contend that the joint impact of good corporate governance and the IAF operates through the perceived moral intensity of the decision. The combination of weak good corporate governance and a strong IAF signals a heightened state of ethical concern when management requests an employee to engage in a dubious financial adjustment to the accounts. For example, one would expect that with a strong IAF, weak good corporate governance increases employees' concern for and their sensitivity to the magnitude of consequences and social consensus associated with questionable activities like booking an undocumented journal entry. Thus, it is possible that when there is weak good corporate governance, a strong IAF can heighten one's sensitivity to the effects that one's actions has on others. The combined influence of good corporate governance and internal audit quality on the accountant's decision to book the entry may operate through their impact on the accountant's evaluation of the moral intensity of the ethical dilemma. Accordingly, we expect that managers' perception of the moral intensity of the issue itself will provide a control to good corporate governance and internal audit quality on the accountant's decision to book the entry.

3. RESEARCH METHODOLOGY

The study adopted a desktop review research methodology and data was collected through the review of published financial statements, annual reports, and strategic plan documents of respective state universities. The internet was also widely consulted on current issues and publications on activities.

4. MAJOR FINDINGS

Whether an accuracy or process focus is primary in the university's environment depends on the joint effect of the IAF and good corporate governance. Specifically, it was noted that if an employee is aware that the IAF is strong, then a superior's request to book a questionable journal entry may be interpreted by the subordinate differently, depending on whether executive management's integrity is weak or strong. With a strong IAF and weak good corporate governance, lower-level employees were seen to adopt a process focus under which they would always request for supporting documentation before thy book any questionable journal entry. If supporting documentation is not provided the employee will regard booking such a transaction as unethical. This has led to the conclusion that employees with a process focus are less likely to take instructions from a weak ethical leader, especially when they are aware that a strong IAF is in place and is monitoring them.

Alternatively, when there is a strong IAF and strong good corporate governance, lower-level employees may adopt an accuracy focus, feeling that the request to book a questionable entry is acceptable because the leader is trustworthy. With a strong IAF and strong good corporate governance, the request is perceived as leading to accurate financial reporting. In the same thought line, an accuracy focus is adopted when the IAF is weak regardless of the strength of good corporate governance because of the perception that there is no evidence that supporting a process focus is critical to the entity's financial reporting operation.

Therefore, it is suggested that failure to comply with constructs of good corporate governance weakens the enterprise risk management process thus exposing the organisation. This ultimately leads to failure to produce quality financial statements. The results of the study also indicate that a university's institutional governance structures correlate positively with their compliance to the demands of financial reporting quality.

The findings effectively reveal that a state university's corporate governance structures may be viewed as greatly imposing on the nature of reporting that the university eventually concentrates on. A management team that is not pro the constructs of good corporate governance cannot achieve quality financial reporting by any standards.

However, we contend that the joint impact of good corporate governance and the IAF operates through the perceived moral intensity of the decision. The combination of weak good corporate governance and a strong IAF signals a heightened state of ethical concern when management requests an employee to engage in a dubious financial adjustment to the accounts. For example, one would expect that with a strong IAF, weak good corporate governance increases employees' concern for and their sensitivity to the magnitude of consequences and social consensus associated with questionable activities like booking an undocumented journal entry. Thus, it is possible that when there is weak good corporate governance, a strong IAF can heighten one's sensitivity to the effects that one's actions has on others. The combined influence of good corporate governance and internal audit quality on the accountant's decision to book the entry may operate through their impact on the accountant's evaluation of the moral intensity of the ethical dilemma. Accordingly, we expect that managers' perception of the moral intensity of the issue itself will provide a control to good corporate governance and internal audit quality on the accountant's decision to book the entry.

Resultantly failure to produce quality financial reports can be viewed as a continuum rather than an event when the irregularity gets discovered. It manifests itself through the moral intensity of the social and organisational happenings and is exacerbated by the absence of an efficient and corrective monitoring system such as ERM and the complementary roles of internal and external audit.

5. CONCLUSION

Financial reporting quality is a concept which is best understood with reference to the environment in which its usefulness is most important. It is defined differently in different circumstances. It is important to note that each of these definitions is a utilitarian effort at trying to define an operational policy guiding the operations of the defining entity. It is clear from the above analysis that enterprise risk management, encompassing good corporate governance and internal audit function, is the major player in ensuring that what any entity defines as quality financial reporting is adhered to. Behavioural aspects as outlined by the ethics and moral intensity studies are also seen to positively contribute to whether or not fraudulent transactions are booked and hence the eventual production of quality financial statements.

Internal audit function quality was found to influence financial reporting quality in the following manner: in that the strength, or quality, of the IAF will contribute to a distinctly different control environment depending on the strength of the good corporate governance in the university. This has been tested and proven to be true in the literature that has been reviewed in this study. Internal audit plays the dual role of a promoter and supporter of both accuracy and process of financial reporting. The IAF serves as an independent party to help ensure that internal control over financial reporting and the corporate governance process are effective (i.e., process objective) in ultimately producing accurate financial results (i.e., accuracy objective).

6. RECOMMENDATIONS

Government, through the relevant line ministries, should move in to supervise state universities and help uphold the principles of good corporate governance. This effort should be enforced through the mandatory request for the establishment and running of an efficient enterprise risk management system at each institution. Notable financial losses were incurred by some state universities as a result of an ineffective ERM system being maintained in the institutions. This manifested itself in the form of management and executive scandals and costly negligence.

Central government is encouraged to see to the existence and running of an effective ERM system in all state universities. This will ensure the existence of commonality in reporting frameworks, thus establishing a benchmark against which future performance can be measured. After all state enterprises rely heavily on subsidies accruing from taxpayers and if this is anything to go by, one would expect these institutions to effectively and efficiently use resources allocated to them this way.

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