

# **The Influence of Internal Control on Sustainable Development of Enterprises Based on Social Responsibility----A Case Study of Small and Medium-Sized Private Enterprises in Jilin Province**

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**Keywords:** Internal Control; Sustainable Development; Private Enterprises

**Abstract:** As private enterprises develops rapidly, the perfection of internal control system of enterprises is directly related to their sustainable development, and the management system of internal control of enterprises is the key issue of transformation and upgrading of small and medium-sized enterprises (SMEs). How to further improve the sustainable development of enterprises has become a problem that SMEs need to think about. This paper mainly analyzes the significance of internal control management of private enterprises, and further explores its significance for the sustainable development of enterprises.

## **Introduction**

With the continuous development of modernization, internal control management, as an important part of the work of private enterprises, can promote the development of private enterprises. A sound internal control management system is conducive to the healthy development of business activities, and can prevent business risks, so that the production and business activities of enterprises can run smoothly. Therefore, the sound internal control management system is closely related to the sustainable development of private enterprises.

## **1. Significance of internal control management system to the development of private enterprises**

(1) The sustainable development of an enterprise is inseparable from the internal control management system

With the continuous development of the times, private enterprises should closely follow the development trend of the times in the fierce market competition, constantly improve the internal control management system of enterprises, and lead private enterprises to modernization. The development of an enterprise is inseparable from the internal control management. Whether it is customer needs, product development, or material procurement and sales completion, it is closely linked with the internal control system. The internal control management system runs through the business process of the whole enterprise, so that the enterprise can closely cooperate from top to bottom to coordinate various work in an all-round way and to effectively connect each department and business unit and make it a complete business process <sup>[1]</sup>. In addition, internal control can effectively ensure the smooth progress of the daily production and operation activities of enterprises, and constantly tap the potential of private enterprises, so that the internal process can be simplified. And it can also further improve the efficiency of operation, so that the production and operation objectives of enterprises can be realized, the market competitiveness of enterprises can be enhanced, and the sustainable development of enterprises can be promoted.

(2) Internal control is the basis for improving the fine management of enterprise

The implementation of internal control management system in private enterprises can effectively clarify risks, avoid risks and implement responsibilities. And it can also highlight the focus of the work focus of the company, further strengthen the supervision and evaluation system, so that the management ideas of leaders can be better implemented into the actual work to improve the execution of risk prevention and internal control management. In addition, the internal control

management system can clearly divide the work details of each department, and allow each employee to clearly define their own work goals. Such approach enables the person in charge in a specific position to accurately understand the responsibilities they undertake, so as to achieve the standardization and unification of the work within the scope of implementation of all levels of organizations within the enterprise. In addition, the enterprise should implement the scope of responsibility of internal control, and allow employees to complete the work within the scope of responsibilities to stimulate their enthusiasm<sup>[2]</sup>. Such method can avoid risks effectively, and link daily production and operation activities with internal control closely, so as to improve the internal governance of private enterprises in a subtle way and further enhance their market competitiveness.

(3) Internal control system is a means to ensure the effectiveness of financial information reporting

The management decisions and financial information reports of private enterprises are closely linked, and the authenticity, reliability, and effectiveness of financial information reports can provide powerful help for enterprise management decisions, and are an important guarantee for enterprises in making decisions. The incomplete financial information report of the company is equivalent to the lack of road signs on the highway, and then managers will lose all information worthy of reference. In the internal control management system, financial information is collected and recorded by means of internal audit and separation of duties and it is classified and summarized to effectively achieve comprehensive supervision and control within the enterprise<sup>[3]</sup>. Only in this way can the potential problems of the enterprise be discovered in time, errors can be corrected in time, and the authenticity and validity of financial information report can be guaranteed.

## **2. How to strengthen internal control management system of the enterprise to promote its sustainable development**

### **2.1 Effective prevention and control of risks**

When conducting internal control management, private enterprises should take their vision and development strategy as the basis and start from the actual situation of the enterprise to accurately grasp the overall construction idea of internal risk control management system by combining possible risks of the enterprise. In addition, according to the overall operation effect of the enterprise, risks in its production and operation activities are identified and controlled to further improve risk prevention of the enterprise. What's more, various risk prevention systems are specifically implemented in the production and operation activities of the enterprise, so as to comprehensively identify the risk situations that may occur in the production and operation process, and take effective measures to control the risks<sup>[4]</sup>. In addition, enterprises should further improve the risk prevention system, so that the risk operation process tends to be normalized to effectively prevent enterprise risks and promote the effective operation of enterprises and ensure their sustainable development.

### **2.2 Controlling of financial budget of the enterprise**

Private enterprises should strengthen the control and management of their internal budget, and strictly control the budget by controlling the financial budget, budget assessment and budget implementation. When private enterprises implement budget control, they should first make clear budget items of the enterprises, delimit the standard scope of budget on the basis of the actual situation of the enterprises, so that the relevant process of budget can be followed, including preparation, notification, review and implementation. In addition, enterprises should take the means of real-time analysis in the process of budget implementation to control budget differences strictly and ensure the implementation effect of budget control effectively. And the way of collective approval can be adopted to conduct budget approval to avoid the situation of spending funds without budget effectively if the budget of the enterprise exceeds its limitation.

### **2.3 Analysis of operation control**

The so-called operation control refers to the control of overall business activities of the enterprise, and the analysis, organization, planning and control of the production and operation interaction of the enterprise, and the effective design, evaluation, operation and improvement of the products and services produced by the enterprise, so as to fully reflect the production form operated by the enterprise, and take corresponding measures to further improve the production quality and efficiency of the enterprise, maximize the market competitiveness of private enterprises, and promote their sustainable development <sup>[5]</sup>.

#### **2.4 Separation controlling of incompatible position**

In the operation and development of private enterprises, the use of incompatible position separation control measures can effectively avoid fraud or error in business activities. But incompatible position requires that each economic business should be handled by two or more employees. Under the control measures, the enterprise should make clear the position responsibilities of each employee, so that they can form a mutual check and balance relationship within the scope of post authority, and the enterprise can develop healthily. In addition, separation controlling of incompatible position includes business handling, accounting entries, and property custody. When taking corresponding measures, enterprise should improve the strength of control measures for separation of incompatible position to effectively avoid the occurrence of problems.

#### **2.5 Control measures of performance and authorization**

When making performance evaluation standards, private enterprises should follow certain evaluation principles, cultivate the comprehensive strength of employees, promote their common growth and development with the company, so as to achieve the purpose of performance improvement and enhance the performance of enterprises. Under the guidance of clear assessment principles and assessment purposes, scientific and reasonable assessment management should be carried out, and the assessment management of employees should be standardized and unified <sup>[6-7]</sup>. In addition, by analyzing the assessment results, the enterprise can make reasonable arrangements for the salary, post and position transfer of each employee and strengthen the skill training of employees to improve the professionalism and comprehensive strength of employees continuously, and enhance the market competitiveness of the enterprise. Furthermore, the enterprise shall clearly stipulate the budget authorization of accountant and their related work, including the approval procedure, scope, authority and responsibility, etc. At the same time, the enterprise should also clarify the scope of authorization of each management, and require managers to clarify their own responsibilities and exercise their powers within the scope of responsibility. In addition, operators should handle all kinds of business within their own authorization scope effectively regulate the functions of each post in private enterprises, so that the enterprise can operate in an orderly manner.

#### **2.6 Control measures of internal report**

Enterprises should optimize the internal control management system to ensure the scientificity and authenticity of internal report through the establishment of a sound internal reporting system, so as to fully present the economic activities of enterprises. By improving the internal reporting system, it can truly and effectively reflect the important information of business activities of the enterprise, enable the enterprise to obtain the actual situation of production and operation activities in time, and effectively promote the rationality and scientificity of internal control management system of the enterprise <sup>[8]</sup>. In addition, private enterprises should pay attention to improve automatic control of the system, and establish an information system suitable for the enterprise to improve automatic control of the system according to the actual situation of the enterprise, so as to better achieve automatic control of the system <sup>[9-11]</sup>.

### **Conclusion**

In general, a good corporate culture promotes the implementation of internal control of the company, and makes up for the problems in internal control, so that internal control can fully exert

its effect and ensure that the company can seriously fulfill its social responsibilities. Therefore, it is imperative for enterprises to improve the internal control management system. Small and medium-sized private enterprises should seize the opportunity to constantly improve their internal control management system, and effectively improve their ability of risk prevention, so that the enterprise can be developed healthily and has a place in the fierce market competition.

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