

## Research on Enterprise Internal Control and Risk Management in Sharing Economy

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**Abstract:** Under the current situation, China's economic model has changed from the past individual economy to the sharing economy model. Under such an era, traditional accounting has become difficult to meet the development of most enterprises, and accounting information sharing has promoted the rapid development of enterprises. The source, among them, is precisely the sharing economy that provides the conditions for the full popularization of China's corporate accounting information data. This article focuses on the related theories and characteristics of the sharing economy, links the current internal control systems and risk management of Chinese enterprises with their existing deficiencies, and analyzes the impact of the sharing economy on their internal controls and risks. One party put forward suggestions for strengthening the internal control system, attaching importance to risk management, and exploring the future development of the enterprise.

### Introduction

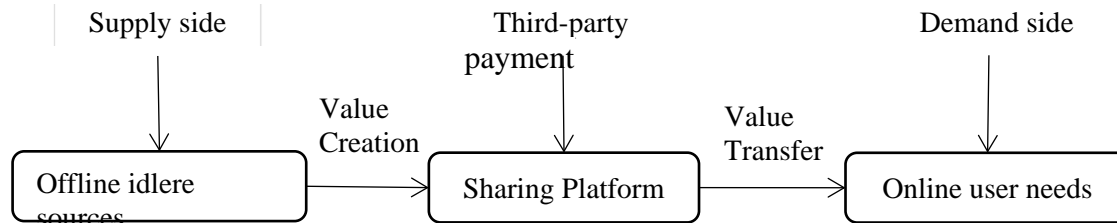
With the rapid development of global information technology, traditional accounting methods have inevitably suffered setbacks in the era of the Internet and big data. The development of new accounting information technology has turned to network and data. With its innovative concept of "customized on demand, paid on demand", cloud computing enables enterprises to achieve low-cost conversion to efficient accounting, processing, and expectations, and thus has a new product-the sharing economy. Enjoying the economy as a new form of economic development is of great significance in improving resource utilization and meeting multi-level consumption needs. The realization of transformation and upgrading in the context of the sharing economy has important research significance and practical value.

At present, in Australia, most companies and most accounting firms have generally used cloud computing processing software prepared by the national myob company; The financial software designed by intuit can include every step of the accounting process; in China, well-known accounting management software vendors, such as Kingdee, UFIDA, and Xinzhong University, have also shown the company's shared economic software designed by the company to the market. Received great promotion.

### Definition of the sharing economy

The meaning of the sharing economy in the current era refers to the institutions or individuals who share the resources to create value through the transfer of resources to obtain benefits from the transfer of resources. Looking at online platforms, the sharing economy is everywhere, from text, pictures to videos, software and sharing behaviors everywhere. Different from the past, the content of the current sharing economy has changed from just the sharing of virtual resources to the sharing of various consumer entities. It is also known as the sharing economy of the new era. The main

characteristics of the sharing economy include sharing platforms built by third parties based on information network technology [1]. The types of third parties come from a wide range of sources, which can be commercial organizations, organizations, or governments. Individual citizens can realize the trading of idle items, the exchange of experience and knowledge, and the innovation of market projects on the platform. They can also raise funds for the company and other types of trading activities(refer with: Fig. 1 ).



**Figure 1. Sharing Economy Model Operation Diagram**

## **Status of Internal Control and Risk Management in Chinese Enterprises**

In an enterprise risk management system, internal control is the first step, a reflection of the risk facing the enterprise, and also a support for the enterprise to achieve its stated goals. Therefore, the first step to beware of risk is to complete its own internal control system[2]. At present, due to the fact that the actual use of control and risk management in China is rapidly increasing, there are some deficiencies in transparency and imperceptibility. Through investigation and induction, we find that the internal control and risk management of Chinese enterprises are mainly reflected in the following problems:

### **The lack of knowledge about the internal control system and the lack of completion**

Because the internal control system is not the direct cause of the increase in corporate profits, it takes a long time to reflect the benefits, so most companies prefer the daily production and management aspects.

#### **Enterprises currently lack a practical and useful supervision system.**

Although China has established external supervision mainly by relevant departments and social supervision, there still exists a situation where relevant supervisors do not pay enough attention to a small number of enterprises, and the lack of internal audit of enterprises Relevant highly feasible monitoring mechanisms have prevented their functions from being fully utilized, and part of the supervision is actually in vain.

### **Enterprise's perception of risk management is led by financial risk management**

Chinese companies lack corresponding management and response measures for product R & D, manufacturing development, and marketing; In addition, many enterprises in China urgently lack professional personnel to analyze their potential[3]. Risks: Enterprises focus too much on the management of a single risk, ignore the deployment of the overall risk strategy, and fail to consider the future development of the enterprise in all aspects.

### **Companies fail to formulate risk prevention strategies in the first place**

Most companies place too much emphasis on forms, only promulgating various rules and regulations, but lacking an internal control system that matches their actual development[4]. At the same time, their systems have not been updated and repaired in keeping with the progress of the times, making the internal control system impossible. Play a practical role.

## **The impact of the sharing economy on corporate internal control and risk management**

### **The sharing economy has reversed the traditional accounting treatment**

The accounting content of an enterprise is not only handled by the relevant staff. It constitutes a cloud form in which cloud computing vendors, cloud computing processing software, and the three parties cooperate with each other. Under this model, the enterprise's internal control becomes more comprehensive. First, in view of the complexity of the operation of the sharing economy system, the scope of sharing economy accounting is no longer limited to basic accounting tasks, and it adds accounting analysis and decision-making performance. Second, the sharing economy reflects the rapid Internet accounting processing. The work methods previously completed by multiple people are aggregated into a single department or a single person operation. This requires companies to formulate a new internal control system to avoid the potential of concentrating power in one person.

### **The sharing economy has affected economic business entities**

In the sharing economy environment, the internal control of an enterprise is determined by the accuracy and efficiency of the sharing economy system, and its main core has been changed from previous manual control to Internet monitoring. The economic business accounting methods and steps have undergone qualitative changes in the sharing economy[5]. Virtual cloud data has replaced paper documents such as vouchers, chart of accounts, statements, audit drafts and other papers that originally reflected economic business. The system will follow existing procedures. Spontaneously review and audit the authenticity and completeness of the data. As a result, incompatible posts such as the preparation, transfer and review of documents in the cumbersome accounting chain have greatly reduced the restraint on each other, making it difficult for the previous manual-based internal control methods to show their own effects.

### **The sharing economy has increased the difficulty of the common composition of internal control**

First, the company's data information is stored in the cloud, and security depends entirely on cloud computing vendors, and data may be difficult to control. It may also occur. Second, open network environments may experience data leakage and be modified privately. The system There are also hidden dangers of poisoning. Third, due to the paperless procedures of the sharing economy, no physical economic transactions online, and the authenticity and objectivity of accounting vouchers, it is difficult for companies to use them for internal control testing. Therefore, enterprises need to establish a new mindset to flexibly deal with the security of virtual Internet and financial data.

### **Sharing economy tests information storage risks**

Enterprises using the sharing economy can more conveniently and time-saving collect and organize accounting information, and can use cloud data resources freely when the data is incomplete[6-7]. However, due to the non-physical and decentralized nature of shared economic information storage, enterprises are unable to pinpoint the specific storage point of a piece of data. Cloud computing software vendors may have some permissions to pinpoint, but the data storage technology is very small. Vulnerabilities will bring great risks to enterprises.

### **Sharing economy prompts companies to raise issues and identify risks**

Because of the hidden information security hazards inherent in the sharing economy system, if the company accepts the cloud computing vendor's approach, it will increase the adverse conditions for event identification[8]. First, after the company adopts its method, external environmental events usually form huge changes, which mainly exist in the technical environment, such as causing the complexity of hardware and software facilities. Furthermore, after the company chooses its method, it is necessary to reset the post composition and structure of the information management department, which may cause the interruption and loss of information transmission and lack of timeliness of communication, which instead brings new risks to the company.

### **Measures that companies should take in the context of the sharing economy**

The sharing economy is a modern and innovative system that needs to be adjusted from both macro and micro perspectives to plan for future trends. From a macro perspective, the sharing economy providers store a large amount of information in the server, and data may have security risks. Therefore, relevant departments should promulgate corresponding policies and measures to supervise the sharing economy providers and protect data security. At a micro level, the management of an enterprise needs to face up to the use of the sharing economic system, starting from system security and formulating relevant internal control measures. Correspondingly, the sharing economy system has brought unprecedented changes to the employees in their posts, which has also imposed stricter standards on employees. Only with a global thinking model and familiarity with cloud computing software, Internet theory, and domestic and foreign e-commerce transaction standards can we meet the needs of future integrated accounting talents.

### **Strengthen information communication**

The company's internal control system is designed to deepen information communication and communicate data to users as soon as possible. Management can integrate and formulate plans for the above goals. Due to the dynamic nature of data and information in the sharing economy environment, companies need to accurately aggregate internal and external information and achieve timely communication between all levels and departments[9]. On the one hand, enterprises need to build a complete organization, select, integrate and process useful internal information. On the other hand, enterprises should form vertical and horizontal information transmission mechanisms so that each department can clarify the work responsibilities of its department and its status in internal control activities, which will help management use effective data for analysis and decision-making.

### **Strengthening data security protection**

Data security control refers to the reasonable use of various means and procedures to ensure the security of data information and prevent corporate information from being damaged. Sharing economy providers, as specific providers, maintain information and data during storage and transfer. The sharing economy is a comprehensive system. Enterprises acting as clients should also strengthen their internal control; enterprises need to set the necessary permissions for information browsing, set passwords in access ports, and monitor and use information in the background. Tracking; At the same time, it is also necessary to regularly monitor and maintain the sharing economy system and update data information at any time.

### **Construction of risk management system**

Due to the lack of risk management concepts and the establishment of supporting risk management measures, enterprises face various loopholes in cloud computing. Therefore, it is necessary for enterprises to develop a risk management system. The board of directors can build a risk management organization, formulate an accurate risk management plan, appoint its members as supervisors, the manager as the primary implementer, and the finance department as the main functional department[10]. An organization within the enterprise must cooperate to cooperate and supervise each other. Secondly, internal employees also need to learn about the new accounting model under the sharing economy, and take precautions against risks that may be encountered in each step. Finally, the enterprise should establish a leak prevention system, reasonably monitor the data security of each link of information input, use, and change, and occasionally inspect the website browsing records by professionals.

### **Improve the quality of accounting personnel**

The sharing economy, with its outstanding technical and conceptual advantages, is second to none in the field of accounting dataization and has become the development guide for enterprises. However, risks and opportunities are always present. Data-based sharing economy conditions also rely on manual operations and assistance. The ability of accountants has become the key to ensuring the success of the sharing economy. Therefore, the enterprise must first strengthen the computer operation technology of relevant personnel, organize training on a regular basis, and develop the

outstanding personnel of the trinity of "accounting, information, and management"[11]. Secondly, grassroots personnel should pay more attention to training. If they have simple information processing skills and the ability to face unexpected situations, they can usually use the shortest time to do the corresponding processing, resolve the lack of data and omission of information, and explain the information. Pass to the cloud to minimize business losses.

### **Strengthen supervision**

Even if the sharing economy system brings a lot of convenience to the enterprise and saves a lot of expenses, if the enterprise excessively resorts to cloud computing processing software to record all kinds of confidential matters or files, it will also be accompanied by certain risks due to program tampering. Therefore, enterprises must strengthen supervision and management. In daily production and operation, the allocation of various positions in the sharing economy system needs to be implemented by the management; the supervisory department should exercise its responsibility to evaluate the work and income and expenditure records of the post employees through random checks and irregular methods; Supervise each other to ensure the smooth progress of the work.

### **Conclusion**

The promotion and use of big data and cloud computing software has gradually changed the rate of internal control and risk management of Chinese enterprises, as well as future trends, and has also laid the foundation for the advancement of comprehensive internal control, reasonable risk management, and forward-looking analytical decisions. . The rational use of big data and cloud computing software urges the formulation and development of corporate internal control, and subsequently improves financial risk management, strengthens the daily operating efficiency and space of the company, and achieves relatively perfect internal control in the sharing economy system, allowing the internal control system Under the innovative development conditions of cloud computing, it is the sacred responsibility of ensuring that the enterprise obtains profits and achieves the set goals, and gives the company a new way forward for its internal control system and risk management.

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