THE INTERNAL CONTROL MANAGEMENT OF THE CHINESE REAL ESTATE INDUSTRY:
A CASE STUDY OF YINFENG GROUP, SHANDONG

QI FENG

**A THESIS SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
MASTER OF MANAGEMENT IN MANAGEMENT SCIENCE
INSTITUTE OF SCIENCE INNOVATION AND CULTURE
RAJAMANGALA UNIVERSITY OF TECHNOLOGY KRUNGTHEP
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Author Qi FENG
Major Master of Management (Management Science)
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ABSTRACT

With the development of China's economy, the number of policy supports provided by SMEs to private enterprises has also increased yearly, and their status and contribution to the national economy cannot be ignored. However, most private enterprises do not understand small and medium-sized enterprises or do not understand the internal control of private enterprises to formulate and implement an effective internal control management system and perfect internal control management mechanism is the main bottleneck to prevent enterprises from becoming bigger and stronger, especially the improvement of internal management level is conducive to improving and improving the risk prevention ability of small and medium-sized private enterprises, to make enterprises bigger and stronger. Based on the basic meaning and practical meaning of the internal supervision of the internal control system of Yinfeng Group, this paper analyzes the problems existing in small and medium-sized private enterprises. It puts forward suggestions to improve internal control management.

Keywords: Internal Control Management, Chinese Real Estate Industry, Case Study of Yinfeng Group, Shandong, policy supports, SMEs

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Mr. Qi FENG

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CHAPTER I

INTRODUCTION

1.1 Background and Statement of the Problem

In today's China, with an increasingly developed economy and society, real estate enterprises have abundant development opportunities and an excellent social environment. However, after the "golden six years" of rapid development, China's economy also faces a turning point. Changes in market conditions have sounded the alarm for enterprises, and a large area of the market cannot survive. The rapid development of China's real estate industry has also brought many problems. Therefore, China's real estate industry pays more and more attention to internal control. In such an environment, if the enterprise strategy can be guaranteed to develop in the right direction, the enterprise's internal control can reduce detours in strategic development. Most real estate enterprises' internal control management remains unchanged (Dai, 2008).

Weak stage and some weak problems. Many real estate enterprises have a relatively weak internal control foundation, so strengthening internal supervision and control systems is necessary.

The main objectives of a business are survival, growth, and profitability. Only by surviving can an enterprise grow and maximize its value. With the increasingly severe external environment of real estate enterprises and the fierce competition in the industry, enterprises need to establish perfect internal control. Internal control activities exist from the beginning to the end of daily operations, which can effectively promote the development strategy of the enterprise, improve the efficiency of operation and management, maintain the safety of assets, ensure the quality of financial information, and stimulate the vitality of the board of directors, management and all employees. A perfect system can not only reduce enterprises' development costs and expenditures but also maximize enterprises' benefits, prevent business risks, and enhance the management ability of enterprises (Xue, 2020).

1.2 Research Questions

1.2.1 Do changes in demographic factors influence company performance?

1.2.2 Does internal control influence company performance?

1.3 Research Hypotheses

Internal Control systems influence a company's performance.

H1: Differences in Demographic factors generate differences in company performance

H2: Internal control influences company performance

1.4 Research Objectives

1. To investigate the influence of demographic factors on company performance.

2. To investigate the influence of internal control on company performance.

This paper probes into the influence of employees on the business performance of small and medium-sized enterprises in China.

1.5 Scope of the Research Study

The scope of this research will be as follows.

1.5.1 Control Environment

Yinfeng Group has not been developing in real estate enterprises for long. Still, it has always adhered to standardized management and established a scientific and perfect corporate governance structure, a scientific and practical decision-making mechanism, and an internal control system.

1.5.2 Risk Assessment

Yinfeng Group has set its own goals and corporate vision. Yinfeng Group's audit services control risks through regular and irregular audits of companies and forecasts for various real estate projects. Management at headquarters holds regular

business meetings to identify problems facing the company, discuss them, and make recommendations. The managing director of the project company is sent overseas by the head office to strengthen supervision and management and to submit financial reports.

1.5.3 Control Activities

Due to the characteristics of the real estate industry, the implementation of comprehensive budget management controls the lifeblood of the company. For the annual budget of the overall preparation project, construction project, and use of funds, once the budget is approved, the announcement will specify the specific monthly and weekly work-related expenditures to keep within the budget range to control the development cost strictly. However, at present, the company's supervision and management of the construction process mainly rely on the experience and judgment of experts, requiring project managers to have professional knowledge and extensive practical experience.

1.6 Research Framework
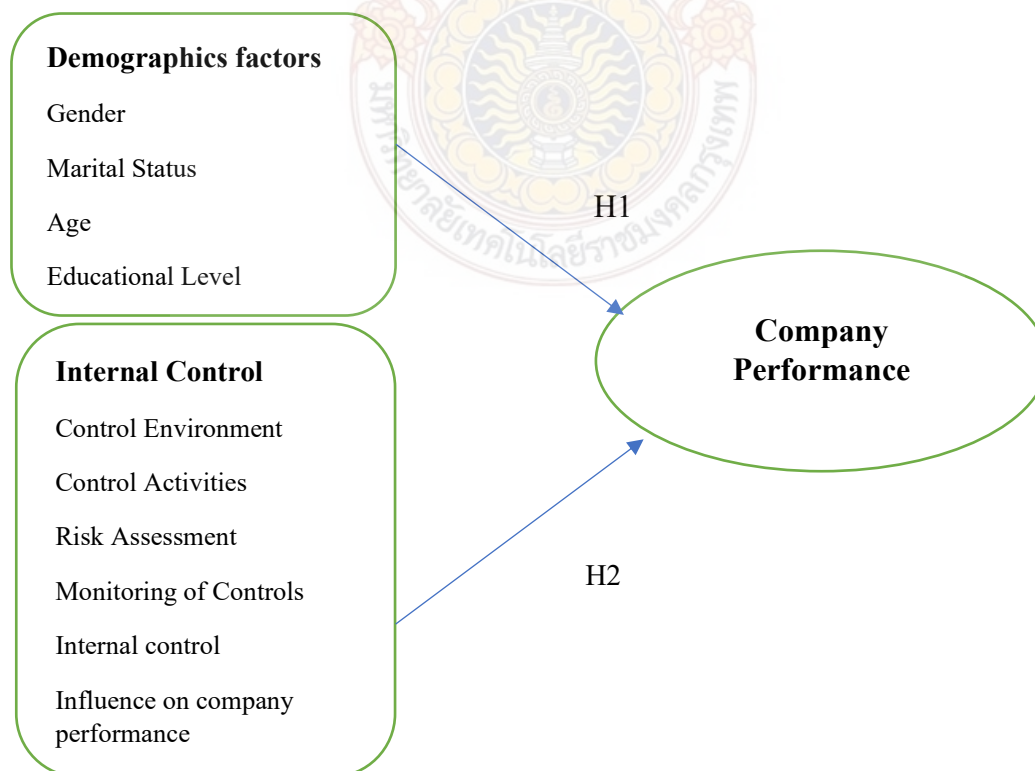
Figure 1.1 Independent Variables and Dependent Variables

1.7 Definition of Key Terms

1.7.1 Definition of Internal Control

Internal control refers to the organization's plans, procedures, and methods of various restrictions and adjustments implemented within the unit to improve operating efficiency, thoroughly and effectively obtain and use multiple resources, and achieve established management objectives under a particular environment.

1.7.2 Definition of Internal Control Management

Internal control management is a series of activities enterprises take to effectively supervise finance, people, assets, and work processes to ensure regular, orderly, and legal operation of business management activities. The enterprise's internal control requires guaranteeing the accuracy, authenticity, effectiveness, and timeliness of enterprise assets and financial information, ensuring effective control of employees, workflow, and logistics, and establishing an effective supervision mechanism for business activities.

1.8 Benefit of the Study

1. Improve the understanding of internal control management: By analyzing the current situation of internal control of Yinfeng Group, this study helps to improve the knowledge of the importance of internal control management of small and medium-sized enterprises.

2. Improve enterprise risk prevention ability: By improving internal control systems, enterprises can identify and manage risks more effectively, improving their ability to prevent potential threats.

3. Enhance enterprises' competitiveness: Optimizing internal control helps to improve enterprises' operational efficiency and financial management, which can enhance their market competitiveness.

4. Promote sustainable development of enterprises: The internal control improvement measures proposed by the research will help enterprises achieve long-term stable development.

5. Improve employee satisfaction and reduce employee turnover rate: By improving internal control management, employee satisfaction can be enhanced,

employee turnover can be reduced, and the cost of recruiting and training new employees can be reduced.

6. Optimize decision-making: Research emphasizes the role of internal control in the decision-making process, which helps enterprises to make more scientific and reasonable decisions.

7. Improve the quality of financial information: The effective implementation of internal control can ensure the accuracy and reliability of financial reports and improve the quality of financial information.

8. Strengthen compliance: A sound internal control system helps enterprises comply with relevant laws and regulations and reduce the risk of violations.

9. Provide industry case analysis: Yinfeng Group's case study provides practical cases and lessons on internal control management for small and medium-sized enterprises in the real estate industry and other industries.

10. Promote the combination of academia and practice: This study not only contributes to the academic community but also provides empirical research reference for the practical community, helping to bridge the gap between theory and practice.

CHAPTER II
LITERATURE REVIEW

2.1 Related Theories

2.1.1 Control Activities

Internal control ensures that national laws and regulations can be implemented within the enterprise. It also provides the reliability of financial reports and the authenticity and accuracy of accounting information. It guards against business risks, maintains the safety of enterprise property, and promotes enterprise development.

Internal control includes five elements: the control environment, the risk assessment process (reflecting risk awareness), the information system and communication, the control activities, and control supervision.

The objective of internal control is to ensure that reasonably:

The reliability of financial reporting is closely related to the performance of management's responsibility for financial reporting.

Efficiency and effectiveness of operation are the economical and effective use of enterprise resources to optimally achieve the enterprise's objectives.

Comply with applicable laws and regulations requirements, that is, conduct business activities within the framework of laws and regulations.

Tanya (2022). From the perspective of the concept and content of internal control, internal control mainly refers to the scientific management of various production and business activities of the organization by relevant departments through the appropriate management system to achieve effective control over the internal business conditions of the organization. Generally speaking, the internal control of a company mainly includes two aspects:

Internal accounting is the targeted control method taken by relevant departments to reduce the probability of the organization's financial information being lost and increase the safety factor of the company's accounting work.

Internal management refers to the control measures the relevant departments take to improve and accelerate the organization's development goals in the enterprise's operations and production activities.

He (2011) has expounded on the rationality of the essence and structure of the internal control theory and recognized the current internal control theory structure system. Takashi (2012) elaborated on the stages of the development of internal control theory and analyzed the problems existing in internal control. From the current development of our country, the internal control theory research is still in its infancy, and there is still room for improvement. Many foreign scholars have conducted in-depth studies on the internal control theory, extending the content to the latest field of the internal control theory. Pittaway (2015) compared the differences between the internal audit department and the third-party audit institutions from the perspective of the internal control theory's defects and identified the internal control theory's defects. Mueller (2016) studied the information disclosure in internal control reports and believed that the types of defects disclosed in internal control reports would have a negative impact on the judgment and decision of investment analysts; that is, the disclosure of defects in internal control reports would increase the forecast error of analysts, from the perspective of human resources, scholars such as Gray (2016) explained the negative correlation between employee ratio and internal control defects. From the foreign research, internal control theory development trend and development situation, these experiences are worth learning and drawing lessons from our country.

The development of the theory of internal control starts from the theory of internal containment. At this stage, internal control work focuses mainly on designing and reproducing business processes. In 1912, Kumar and Singh (2017) put forward the theory of internal restraint in their internal control speech, which mainly refers to the division of the scope of financial control through the analysis and evaluation of the accounting data processing process of enterprises and finally the construction of the basic framework of internal control. This theory puts forward the view that different individuals or departments are unlikely to make the same mistakes unintentionally, and a single individual or department is more prone to malpractice. In the internal containment theory, all management work on the enterprise's finances and assets should be handled by two or more people to avoid fraud in the work. Hamburg (2017) believes it is precisely because the internal check can reduce the probability of error and fraud, so it plays a vital role in internal control.

2.1.2 Information and Communication

Internal control can refine the internal process of enterprise management activities, optimize the management process, and improve the management level of enterprises with the rapid development of the real estate industry. Prevent risks and enhance competitiveness. Real estate enterprises are different from ordinary enterprises and have some particularities in operation and management. Real estate business development projects involve many industries, and the development cycle is very long. Real estate companies are capital-intensive and riskier regarding efficient use of capital and development costs. Strengthening the internal control system of real estate enterprises is particularly important for optimizing enterprise management and preventing competition and risk investment. The company's management level is essential in developing the real estate company. However, nowadays, the managers of real estate enterprises generally lack the concept of internal control, which seriously hinders the development of real estate enterprises. As the enterprise is regarded as an aggregation enterprise with the primary purpose of profit, the management of most real estate enterprises focuses on selling the company's products. It pays insufficient attention to internal control management. Some entrepreneurs think that only the enterprise internal control management accounting, cost management, internal control system, etc., but those who have a one-sided understanding of what this means are because of the lack of internal control internal supervision system learning. In addition, some managers believe that the company's internal control will complicate daily work, affect work efficiency, and is not conducive to the unity of internal personnel. This series of internal ideas seriously hinders the improvement of enterprise management ability. It is harmful to the sustainable development of enterprises. The personal qualification level of employees in real estate enterprises is highly differentiated. Employees' understanding of the current business management system and the corresponding implementation effect vary. The quality of personnel in real estate enterprises cannot meet the growing demand of real estate enterprises, which is not conducive to strengthening the internal control ability of enterprises.

On the other hand, some real estate companies currently have no real estate expertise. In the ever-changing real estate industry, if there is a lack of knowledge, employees' sense of the changing environment can become dizzying and fail to help

companies make the right strategic judgments. On the other hand, the personal skills and intellectual awareness that need to be improved are directly reflected in the working state of the employee. If the level of thinking is low, the efficiency of the internal control system will be reduced, and the quality and efficiency of the work will be reduced. Only by fundamentally improving the professional spirit and mentality of the employees of real estate companies can the internal control level of real estate companies be enhanced.

2.1.3 Internal Supervision

The theory of internal control enters the second stage of development, which focuses mainly on controlling the accounting business and internal management within the organization and the main content of control work in various accounting and management elements. The Audit Committee of American Certified Public Accountants believes the internal control system is essential for building a coordination system. The main content of internal control includes the organizational design of the organization, the management methods, and measures used within the organization, and the scope of internal control covers not only accounting and property records but also the budget, cost, statistics, audit, and other related management business of the enterprise. Later, the Audit Committee of the United States revised the audit announcement again, redefined internal control, expanded the scope of internal control to accounting and management, and became more involved in the relationship between accounting control and the asset security of enterprises and all management methods that can improve the economic benefits of enterprises, to provide corresponding protection for the integrity and comprehensiveness of accounting data. Kaya (2016) states that internal control involves more extensive aspects through this modification. However, it also enriches the connotation of internal control. Literacy (2018) believes the internal control theory enters the third stage of development, which focuses on adjusting the internal control structure. In this stage, the concept of an internal control environment is introduced, and the fundamental control framework is built. The Audit Committee of American Certified Public Accountants has formulated the concepts of accounting and management control. Still, the managers of enterprises are more inclined to establish and use management control theory in practice.

Accounting control and management control are two concepts that explain internal control, and there is a sharp contrast between them. To better integrate the two concepts, in 1988, the Audit Committee of American Certified Public Accountants replaced the concept of internal control with an internal control structure. In the announcement of audit standards, the audit Committee proposed that the internal control structure of an enterprise must contain various policies formulated to ensure the interests of the enterprise. At the same time, Yumei (2023) believes it also divided the elements of the internal control organization, including the internal control environment, management system, and control procedures. Cai (2011) compared with the first development of the concept of internal control, the most obvious difference is that the control environment is regarded as an essential part of internal control, while accounting control and management control are no longer subdivided. After years, internal control has gradually developed from the previous accounting and internal management control to the current internal control structure. The scope of internal control has also made corresponding expansions, prompting the gradual, systematic construction of various internal control contents. This means that internal control has gradually penetrated from audit-oriented to enterprise management.

Internal control enters the fourth stage of development, which focuses on the realization of the overall framework construction; in this stage, the construction of internal control theory tends to mature. In the early 1970s, the financial institutions of many countries went bankrupt, which seriously affected the overall international economic development. To conduct comprehensive management of accounting fraud in enterprises, COSO members made corresponding reports in the early 1990s, taking internal control as an essential overall framework of enterprise accounting management. The COSO Committee pointed out in the report that the main objectives of internal control include the following aspects: to protect the economic benefits of the enterprise, to ensure the integrity and reliability of the financial data of the enterprise, and to ensure that the economic activities of the enterprise can meet the relevant requirements of national laws and regulations. The report also identifies elements that affect internal control: control environment, risk assessment, control activities, information, communication, and oversight. The organization's internal control is a dynamic management process, and the internal control system must be improved in

combination with the development and change of the enterprise. The internal control at this stage highlights the modern management concept. In addition, the report of the COSO Committee also transformed the traditional planar internal control structure into a three-dimensional overall framework, which means that the theory and practice of internal control began to enter the overall framework stage. After the release of this report, the entire industry recognized the new internal control theory. It has been widely used in countries around the world.

The internal control theory of enterprises has become more perfect with time, and the current internal control theory has gradually transformed into the stage of constructing an internal control risk framework. Enterprises take risks as the primary orientation in realizing internal control. Since the beginning of the millennium, several major companies in the United States have gone bankrupt because of fraudulent accounting data information, dramatically impacting the American capital market. The COSO Committee has developed the overall framework of enterprise risk management to improve the organization's governance environment and strengthen risk management. Wang (2013) compared with the overall internal control framework of the fourth stage, certain adjustments have been made in terms of content, objectives, environment, and responsibilities. The overall internal control risk management framework has increased the development of strategic goals, expanded the scope of the objectives, paid more attention to the key points of risk in the risk control process, and redefined the concept of risk appetite. Based on the five elements of internal control, several risk management elements are added, including setting risk objectives, identifying event risks, and developing corresponding risk prevention measures. The latest internal control risk management framework has a more in-depth analysis of various elements, and the research scope is also expanded. Risk elements should be integrated based on the traditional internal control framework to make internal control standards more comprehensive.

2.1.4 Risk Assessment

The effectiveness of organizational internal control on organizational governance can be analyzed from several aspects.

The effectiveness of internal control plays an essential role in the compliance and legitimacy of the organization's business governance. The practical

implementation of internal control and the strengthening of constraints on the organization's behavior is conducive to ensuring the legal compliance of the operation and management of the organization and preventing severe losses caused by illegal acts of the organization from the source. Driven by economic interests, the operators and managers of organizations often violate the legal bottom line, which brings considerable losses to the organizations. Effective internal control can reduce this risk by keeping the organizational value at a stable level and avoiding the illegal behavior caused by the organizational value of the sharp decline.

The effectiveness of internal control plays an essential role in the safety of the organization's capital assets. The practical implementation of internal control requires the organization to strengthen the management of tangible and intangible assets to ensure their safety and reliability. Capital assets are the foundation of enterprise management and governance and the cornerstone and top priority of enterprises. The organization's assets are related to effectively implementing the company's business activities. At the same time, organizational assets are also an integral part of organizational value. The higher the asset quality of the organization, the greater the value of the organization. Internal control activities require establishing a rigorous set of asset management and disposal measures to maintain and increase the value of assets, thereby maintaining and improving organizational value.

The effectiveness of internal control plays an essential role in the quality of accounting report information. Modern organizational governance structure leads to the decentralization of managerial control, the diversification of organizational owners and stakeholders, financial reports, and other relevant information, which are essential channels for stakeholders to understand the organization. Once the relevant information, such as the organization's accounting report, is found to be false, the confidence of stakeholders will be seriously damaged, and the organization's value will be significantly reduced. The practical implementation of internal control requires the authenticity and reliability of the accounting information of the organization, strengthening the norms and constraints of the financial environment of the organization, establishing the management and supervision system of the economic business of the organization, strengthening the norms and constraints of accounting

personnel, and ensuring the continuous improvement of the quality of accounting information and management control level.

The effectiveness of internal control plays an essential role in achieving the organization's operating efficiency. Business activities are the core content of the organization and the source of profit and value. Suitable business activities can bring economic benefits to the organization, fully allocate the organization's resources, and maximize the use of resources. Internal control controls all aspects of the organization's production and operation to ensure its efficiency and thus enhance its value.

The effectiveness of internal control plays an essential role in realizing the strategic objectives of the organization's development. The practical implementation of internal control requires the organization to consider from a long-term perspective, promote sustainable development, and achieve the vision and strategic objectives. Organizational development strategy guides the direction of organizational development. Implementing organizational strategy can effectively enhance the organization's competitiveness, improve the organization's sustainable development ability, and preserve the organization's value. Therefore, internal control helps to achieve the organization's strategic objectives and realize the further appreciation of the organization's value. To sum up, the effectiveness of internal control helps to restrain the behavior of the organization, improve the operation and management status of the organization, ensure the safety and reliability of the financial report and other relevant information of the organization, improve the security of the assets of the organization, and thus have a positive impact on the value maximization of the organization.

2.1.5 Internal Environment

1. Improve the internal control system

Real estate enterprises should not only refer to the advanced practices of industry benchmarking enterprises but also improve the workflow of the enterprise's internal control system and combine the self-evaluation system of the internal control system with the actual work situation of the enterprise itself. According to the development of the company's business, a system of regular and irregular evaluation of the internal control system must be established. Therefore, the system has been continuously improved and perfected. First, it is necessary to avoid conformism, and second, implementing internal controls must be reasonable.

Strengthen the risk assessment mechanism and strengthen internal risk control.

Risk management involves identifying, analyzing, assessing, and responding to risks. It is an integral part of the company's internal control. The real estate industry is a high-risk industry. Business risk affects all aspects of the business. According to the various business activities done by real estate enterprises, real estate enterprises should set up relevant risk monitoring departments to identify, analyze, and evaluate the potential risks and give scientific and reasonable countermeasures to reduce the risk of camp transportation. First, improving managers' awareness of risk management is an essential basis for enhancing the company's internal control. Enterprise managers must be responsible for establishing and effectively implementing the internal control system, but also subject to the constraints of the internal control system. Only when operators realize the importance of internal control can the whole company realize the importance of internal control. Second, enterprises need to do a good job publicizing the system to build internal controls, ensuring that company employees know the system's content and clear responsibilities. The world can act according to the rules and internal control of the company's rules and regulations, obedience to put into action.

3. Strengthen internal control.

To strengthen internal controls, it is first necessary to determine who is responsible for carrying out internal controls. The person in charge of the company is responsible for implementing the internal control system, and the department head is the specific person in charge of the department management. All employees participate in internal control and are personally accountable. Secondly, a comprehensive budget management system must be established to correct internal control errors promptly when the budget is implemented. In addition, strengthening the inspection and evaluation of the implementation of internal controls should be incorporated into the performance-related company and personnel evaluation system, an essential guarantee for implementing internal controls.

4. Enrich information channels.

Adequate information collection and adequate and effective internal and external communication are part of the overall internal control management process. In

a horizontal organization, reducing the communication level to deliver information promptly is effective. In addition, the development era of the Internet has provided strong technical support for the timely transmission of massive information. With the help of a professional business process management system (such as the Mingyuan system), all published business links are integrated into the management information system. On the one hand, it realizes the timely transmission and sharing of business information in relevant departments; on the other hand, it standardizes business operations, reduces risk management, and improves the efficiency of company operations and management.

5. Strengthen the supervision and management of internal control.

Inspection and supervision of the implementation of the internal control system are essential means to ensure the effective implementation of the real estate internal control system, which usually includes evaluating the company's internal and external control audits. Real estate companies must establish independent internal audit management and services, such as an audit management committee under the board of directors' leadership, to ensure the independence and objectivity of the service.

2.2 Related Studies

Li (2019) believes that real estate enterprises generally lack understanding and awareness of internal control, professionals in internal control management, a sound internal control system, and an awareness of risk prevention.

JT Group is a well-known real estate enterprise in China that has undergone several significant transformations since its establishment in 1988. With more than 4,000 employees and total assets of more than $51.4 billion, the company is a leading player in the local real estate industry. In 2008, JT Group became a listed company and is now among the top ten enterprises in China. In recent years, JT Real Estate Development & Investment has taken full advantage of the changes in the construction industry. Make full use of JT's advantages and resources. JT Enterprise has comprehensive real estate talent resources, concentrated the strength of the form, completed three tasks, high-quality construction, and the establishment of a particular brand industry; in many ways, it is the leader of the region, and even some people say

that JT company wants to become the leader of real estate in the future. In 2009, JT Group took over many projects. However, in the process of continuous development, the contradictions of the company became more and more apparent. Experience management has seriously hindered the development of the JT company, including weak funds, fund management, overall internal control, low approval efficiency, and poor litigation management. The internal control management of enterprises is seriously affected by the unreasonable structure of human resources, the unreasonable incentive and restraint mechanism, and the low risk awareness of employees. Since then, JT Group has continuously optimized the salary accounting control procedure, introduced information and inventory, established the supplier management system of the brand price system, and accelerated the information management from the level of people and things.

In recent years, the state has introduced a series of policies, such as limiting purchases, regulating the "first generation loan," and other administrative measures, to curb the excessive dependence of economic development on the real estate industry while limiting the rapid rise of housing prices, the property market regulation and control has suddenly become "stable", and the national economic development has shifted from high-speed development to high-quality development. Under such a financial background, many real estate enterprises focus on improving product quality and service level but neglect to strengthen the construction of internal control management system and improve the internal control management level, which leads to significant mistakes in enterprise operation, as well as vicious behaviors such as corruption, fraud and embezzlement, and even cause enterprises to fail to achieve strategic objectives. Furthermore, it even leads to enterprise management deterioration and eventual business failure. It can be seen that internal control management is of great significance to the operation and development of real estate enterprises. The management of real estate enterprises should pay more attention to internal control management promptly. Based on scientific analysis of the internal control environment, all functional departments and all employees should actively participate in the construction, implementation, and execution of internal control management. To improve the level of financial management and operation management of enterprises, to resist risks and continuously enhance the competitiveness of enterprises, to achieve

the healthy and stable development of enterprises and long-term strategic goals to establish and improve the internal control management system of enterprises, which is of great significance for standardizing the operation and management behavior of enterprises and long-term development. We can implement and consciously abide by various internal control systems by establishing a scientific and perfect internal control system, legal compliance, and reasonable operation processes. On the one hand, ensuring the legality and compliance of the internal control system based on laws and regulations helps enterprises to fully understand the external legal environment and standardize the operation and management behavior of enterprises in line with the requirements of national laws and regulations. On the other hand, taking the internal environment of the enterprise as the starting point, based on fully considering the principles of rationality, balance, efficiency, and so on, the operation and management behavior of the enterprise is effectively monitored and restricted, and the adverse impact of significant mistakes, fraud and other events on the enterprise is avoided to the maximum extent. Enterprises must abide by the law and integrity as the cornerstone, based on legal compliance, to engage in production and operation to achieve healthy and long-term development.

Help to maintain the safety of enterprise property material is an enterprise engaged in the production and management of the material basis. Real estate enterprises need a lot of property and capital to develop business. Through sound and perfect internal control, we can scientifically and effectively supervise and restrict real estate enterprises' business activities to eliminate fraud and related financial processing fraud. The central performance is as follows: First, by strengthening the effective internal control and management of the daily income and expenditure, financing, investment, and other activities of monetary assets, losses caused by misappropriation, embezzlement, withdrawal, or fraud of funds can be avoided. Secondly, through the development of targeted internal control management systems for assets with high liquidity, especially inventory, in various activities such as procurement, acceptance, storage, receipt, and sales, and effective operation and implementation, inventory and other assets with high liquidity can be effectively supervised and controlled in all aspects, to improve the safety of liquid assets—the purpose of avoiding damage and correcting waste. Finally, a scientific and practical internal control management system

shall be formulated for various long-term assets, mainly fixed, intangible, real estate, long-term equity, etc. Effective control shall be formed in the registration, protection, decision-making, disposal, and other aspects of long-term assets to achieve long-term assets' integrity, safety, preservation, and appreciation.

The real estate industry is high-risk, and effective internal control is the most effective way to prevent enterprise risks. On the one hand, the various business activities and processes are standardized to ensure that all businesses can be carried out effectively and in an orderly manner, to reduce multiple business risks. On the other hand, through the risk assessment of the enterprise, a weak link in the enterprise's business risk is found, and internal control methods and means are constantly strengthened to avoid the occurrence of risks. If the risk cannot be avoided, the corresponding countermeasures can be taken quickly to control the various risks of the enterprise within an acceptable range. At the same time, each department, each post staff, and each link has clear responsibilities, coordinate and cooperate, and enhance the spirit of teamwork based on strengthening internal communication, the development, marketing, finance, and other departments of the enterprise and related work organically combine to give full play to the overall role, to achieve the realization of improving the economic benefits of the enterprise, and ultimately achieve the business objectives of the enterprise.

To help enhance the competitiveness of enterprises to achieve sustainable, healthy, and long-term development for real estate enterprises, the enterprise's brand image is key. The establishment of a sound internal control management system, as well as effective operation and implementation, gradually form the values, business philosophy, and enterprise spirit shared by all employees of the enterprise, which can improve the cohesion of the enterprise and enhance the comprehensive strength of the enterprise; It can promote all employees to consciously abide by the performance norms, to help enterprises establish a good corporate image and improve the competitiveness of enterprises; Finally, realize the goal of healthy development and long-term development of the enterprise.

At present, the main problems in the internal control management of real estate enterprises are:

The management lacks the awareness of internal control management. It does not pay attention to the rapid development of the real estate industry, which once became the pillar industry of the national economy. The proportion of real estate in GDP in 2018 was as high as 6.87%. With rapid development, high investment, and high profits, managers of real estate enterprises focus most of their energy on project development and sales and pay more attention to sales performance and short-term profitability. Internal management as a system does not bring intuitive economic benefits; it is through the regulation and cooperation of financial activities of various departments, constantly optimizing the enterprise's internal control management system, and improving the competitive strength, which is gradually reflected in these practical activities. Because internal control management does not pay attention to this, resulting in a lack of long-term development awareness and strategic goals.

Unreasonable design of corporate governance structure, lack of adequate supervision and restriction Currently, some real estate enterprises do not have a sound and effective governance structure. On the one hand, the unreasonable setting of the shareholders' meeting, the board of directors, the board of supervisors, the management level, and other institutions leads to the absence of the governance structure and the inability to form an effective check and balance mechanism. On the other hand, the unreasonable distribution of power and responsibility leads to the cross or lack of functions, resulting in mutual deniability and internal control failure. There is a lack of collective decision-making procedures for significant matters, and the manager is often arbitrary. If there is a mistake in judgment, it will easily affect the enterprise's long-term development and seriously lead to operating losses or even business failure.

The internal control management system is not sound; low execution to establish and improve the internal control management system and get effective implementation and operation requires investing a certain amount of human, material, and financial resources. Some real estate enterprises believe that internal control management is not only a waste of enterprise resources but also affects the efficiency of work, so simplify the internal control system and even omit necessary procedures, resulting in defects in the internal control degree design itself. In addition, although some real estate enterprises have formulated corresponding internal control systems according to their development status, the actual internal control management process

and execution are mere formalities, and the implementation is insufficient. At the same time, there is a lack of effective control and supervision; for example, cashiers manage checks and financial stamps. The purchasing staff is responsible for both the selection of suppliers and the signing of contracts. The sales staff is responsible for both the signing of sales contracts and the approval of returns. As a result, vicious incidents such as corruption, kickbacks, and illegal appropriation of project funds have occurred within the enterprises, which have brought substantial economic losses and reputation losses to the real estate enterprises and finally made the operation of the enterprises deviate from the initial strategic goals.

The enterprise's internal control system's incentive mechanism is imperfect, and the overall quality of internal management personnel is insufficient. Many real estate enterprises have not established a perfect internal control assessment mechanism, and the results of internal control implementation have not been organically combined with assessment rewards and punishments. For example, there are only prizes for good execution and no punishments for poor execution, or all the personnel who perform well are rewarded. The execution is not good only to punish the executor and so on. All these factors will cause a psychological imbalance among employees and a lack of enthusiasm to participate in internal control implementation, resulting in unsatisfactory results. In addition, the rapid development of real estate enterprises, personnel quality, and business development do not match and cannot meet the needs of enterprise development. On the one hand, the staff engaged in internal control work is not strong in their business ability, do not understand the relevant policies and regulations, and cannot make a correct judgment on the problems in the internal control process in time, making the internal control ineffective. On the other hand, although the internal control personnel have the corresponding business ability, they lack noble professional ethics out of personal interests, not only did not raise objections to illegal acts but may participate in corruption, embezzlement, and other illegal and disciplinary acts. The above phenomenon shows that if the internal control managers do not have sufficient competence, they can not only prevent and reduce the internal control risks of enterprises but also affect the operating income of enterprises, bring economic losses to enterprises, and even make enterprises unable to continue regular operation.

(5) Imperfect information construction: the progress of science and technology has led to significant changes in the internal control management of enterprises in terms of internal control means. More and more enterprises' internal control management is increasingly dependent on information system management. However, many enterprises are still imperfect and imperfect in information construction, resulting in unreasonable system design and inadequate maintenance. The information system cannot play a full role. Mainly reflected in: First, the information system planning and design is unreasonable, resulting in inadequate supervision or repeated supervision, resulting in low work efficiency. Secondly, the information system authorization management is improper, so the personnel who do not have the authority can execute the corresponding password, resulting in the inability to control economic activities effectively. Finally, the system maintenance and security measures are not in place, and there may be system paralysis, data loss, and even information leakage, which will bring significant losses to the business.

How can countermeasures of internal control management of real estate enterprises be strengthened? A series of internal control management activities require the participation of all enterprise employees rather than relying solely on the strength of a department itself. Therefore, real estate enterprises should constantly strengthen the importance of internal control management, especially the attitude of management towards internal control management, which directly affects the system construction and implementation effect of internal control management. Therefore, first of all, real estate enterprise leaders should pay more attention to internal control management and continuously accumulate the corresponding theoretical knowledge and experience of internal control management to improve internal control management constantly. Secondly, through training and other means, all enterprise employees can enhance their awareness of the importance of internal control management. Through the management's leadership, they can actively participate in various internal control management activities to ensure the effectiveness and adequacy of implementing the internal control management system.

Improving and improving the internal control system and strengthening the execution force A sound and perfect internal management system is the fundamental guarantee for improving the internal management level of real estate enterprises and

the sustainable development of enterprises. Based on the traditional real estate industry control system, real estate enterprises should continue to innovate and improve according to the nature and needs of their development and formulate a set of internal management systems in line with the development of enterprises. In addition, it is also necessary to strengthen the construction of internal control and supervision mechanisms and formulate corresponding supervision plans for the various activities of real estate enterprises to ensure the independence of the supervision department to ensure that the supervision activities are fair, just, and effective. The personnel involved in the supervision and management activities shall not supervise the business activities of the supervised departments. They shall supervise and promote the effective operation of various internal control and management systems and improve the enforcement efforts within their internal control and supervision authority.

(2) Introducing high-quality professionals, strengthening business training, and ideological education. First, enterprises introducing high-quality professionals should follow the principles of virtue, ability, and morality.

To strengthen the utilization rate of urban land resources, it is necessary to protect the original ecological resources of the city, enhance the rate of utilization of enterprises' original environmental natural resources, and expand the new urban area. Since the founding of New China, China's cultivated land area has been continuously occupied, many urban high-rise buildings at the cost of land cultivation, a large area of requisitioned land supply with the continuous increase of population, the natural environment itself gradually reduced and weakened its ability. With the passage of a certain period, the lives of many urban residents have been seriously affected due to the vegetation coverage. The destruction of the city's original ecological natural resources has led to its inability to survive in a stable environment. Urban planning must ensure the stability of the urban environment and adhere to the sustainable development strategy of biodiversity to reduce the damage of urban activities to the environment.

(3) Establish the concept of sustainable development. To strengthen the idea of sustainable development, the city must vigorously publicize the policy of environmental protection, follow the concept of sustainable development, improve the utilization rate of urban land for sustainable development, and plan to improve the horizontal and vertical efficiency of the city, reduce the waste of land resources in the

city and the destruction of the order of land resource use in the city. Ruixue, in the town, we can improve the development of land resources, once again use land resources to consider real needs, avoid blind development of land resources, resulting in waste, and ensure the rationalization of land resources. Land resource planning should meet the needs of urban development and avoid waste caused by unthinkingly following the trend.

(4) Pay attention to environmental protection. People's lives are gradually affected by the urban environment; we must adhere to the concept of sustainable development, strengthen the position of the idea of sustainable development in urban planning, ensure the stability of the ecological environment inside the city, reduce the waste of land resources, to ensure the pursuit of interests at the same time, also pay attention to the environmental efficiency and biodiversity development inside the city. With the continuous improvement of China's science and technology level and the continuous development of the economy, rural and rural cultivated land resources have gradually decreased, which has led to specific problems in China's food, which has caused a significant impact on China's food security output, so in the construction of new cities to avoid the occupation of rural cultivated land, reduce the development of green land resources. Increase the green land area, strengthen the urban ecological environment, and reduce the damage to the urban environment. Always pay attention to the suitability of urban residents' environment and reinforce the importance of environmental protection.

CHAPTER III
RESEARCH METHODOLOGY

3.1 Research Design

3.1.1 Copywriting Research Method

By researching the relevant documents of the Yinfeng Group, the researcher collected all available materials about its internal control management. From the relevant external documents to the paper reference, the researcher first searched for general information, including the Yinfeng Group's essential characteristics, general structure, and development trends. Then, the researcher followed up with the relevant management information and more detailed research documents to find and analyze the problems of its internal control management.

3.1.2 Field Survey Method

Choose the survey research method in quantitative research methods to analyze the above issues. The process involved personally inquiring with the management staff of Yinfeng Group through multiple channels to obtain the necessary internal control information, mainly including telephone interviews, written interviews, conference surveys, and online surveys. The interview process used a unified survey questionnaire for easy data analysis at a later stage. The whole interview process is a process of mutual influence and interaction between the investigator and the interviewee, as well as a process of interpersonal communication. The survey questionnaire is mainly divided into three parts. The first part is to obtain basic information about the survey personnel, such as gender, age, education level, and time of joining the company. The second part is to familiarize the investigators with the company's business and determine whether there are any other businesses. The third part is a satisfaction survey, which aims to understand the satisfaction level of the survey personnel with the company from multiple aspects such as work environment, salary and benefits, and promotion opportunities.

3.2 Samples and Sample Size

The researcher interviewed managers and employees of the engineering and marketing departments of the Jinan branch of Yinfeng Group in Shandong Province to learn about the company's financial statements, staff changes, and employee satisfaction.

A simple random sampling method was adopted to discuss, classify, and summarize the relevant financial statement data to analyze the influence of internal control management on enterprise operations.

Jinan Branch of Shandong Yinfeng Group was selected as a sample for field investigation and questionnaire survey.

Eight senior managers, including the general manager, the deputy general manager, the director, and the deputy director of the Strategy Department, were interviewed to understand the company's strategic level and the current status of the internal control management system.

Sample interviews were conducted with 406 employees, and statistical data were recorded; various indicators of employee satisfaction were summarized and analyzed, and relevant suggestions were put forward to improve the relationship between employee satisfaction and internal control management of Yinfeng Group.

3.3 Data Collection

Yinfeng Group Headquarters (Data research).

Jinan City, Shizhong District and Huaiyin District branches (field visit) and communicate face-to-face with managers and employees of the engineering and marketing planning departments.

In this paper, the Jinan Branch of the Shandong Yinfeng Group was selected as a sample to conduct a field investigation and survey and issue relevant questionnaires. Eight managers of Project 1 of the Jinan Branch of Yinfeng Group, including the general manager and deputy general manager, the minister and deputy minister of the strategy Department, were interviewed as senior executives to understand the company's strategic level and the status quo of the internal control management system. Sample interviews were conducted with 486 employees, and

statistics were recorded; various indicators of employee satisfaction were summarized and analyzed, current problems between employee satisfaction and internal control management of Yinfeng Group were outlined, and relevant suggestions were put forward.

3.4 Research Instrument

Field questionnaire survey and interview.

3.5 Content Validity and Reliability

Table 3.5.1 Reliability Statistics (Cronbach Alpha)

Items	CITC	Cronbach Alpha if Item Deleted	Cronbach α
A1. My job has clear hierarchical standards of behavior.	0.561	0.876	
A2. My organizational structure matches the size of my company.	0.727	0.807	
A3. We have a comprehensive evaluation of employee performance standards.	0.755	0.795	
A4. Our evaluations are documented and regularly filed.	0.776	0.790	0.857
B1. Control activities at different levels of SME review.	0.512	0.906	
B2. Understand the relevant business processes that control activities.	0.737	0.817	0.935
B3. Conduct regular reviews to ensure the relevance of policies and procedures.	0.828	0.779	
B4. Policies and procedures are in place to facilitate recording and accounting	0.799	0.792	0.865
C1. Companies regularly assess the risks of their internal controls and the possible impact on their business	0.827	0.936	
C2. How the business sets its goals allows for discovering and assessing the associated risks.	0.876	0.921	
C3. Fiction considers internal and external factors and their impact on achieving objectives.	0.875	0.921	0.943

Table 3.5.1 Reliability Statistics (Cronbach Alpha)   (continued)

Items	CITC	Cronbach Alpha if Item Deleted	Cronbach α
C4. The company effectively manages risks to the organization and has implemented internal controls to mitigate identified hazards.	0.877	0.921	
D1. Internal control supervision helps to determine the overall performance quality of the enterprise in the long run	0.773	0.859	
D2. On an ongoing basis, companies have independent methods of checking and evaluating control activities.	0.831	0.808	0.892
D3. The company regularly conducts internal reviews of the implementation of internal controls in all units.	0.761	0.869	
E1. The company has procedures to ensure that relevant and timely information is communicated to external parties.	0.831	0.813	
E2. In a business's accounting system, each transaction is identified individually.	0.815	0.820	
E3. The code of conduct, or other policies, expressly prohibit the override of internal controls by management.	0.782	0.833	0.881
E4. Rules or regulations are reviewed by one or more of the following: governing board, audit, finance, or another committee.	0.559	0.916	
F1. Do you agree with the strategic objectives of the company at this stage	0.863	0.893	
F2. Do you think there are short-term behaviors in the company's operation and management	0.870	0.886	0.930
F3. What do you think the company has done in terms of market development	0.835	0.915	

As can be seen from the above table, the reliability coefficient value is 0.935, which is greater than 0.9, indicating that the reliability quality of the research data is high. For the "α coefficient of deleted item", the reliability coefficient does not increase significantly after any item is deleted, so the item should not be deleted.

For "CITC value", the CITC value of analysis items is more significant than 0.4, indicating a good correlation between analysis items and a good reliability level. In summary, the reliability coefficient value of the research data is higher than 0.9, which indicates that the data reliability quality is high and can be used for further analysis.

Table 3.5.2 Validity Analysis

| Items | Factor Loadings | | | | | | Communalities |
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	
A1				0.578			0.505
A2				0.796			0.749
A3				0.835			0.797
A4				0.814			0.801
B1			0.563				0.445
B2			0.822				0.757
B3			0.896				0.872
B4			0.873				0.838
C1	0.780						0.815
C2	0.824						0.871
C3	0.794						0.862
C4	0.793						0.867
D1						0.840	0.817
D2						0.845	0.864
D3						0.791	0.791
E1		0.879					0.865
E2		0.875					0.847
E3		0.847					0.808
E4		0.569					0.495
F1					0.881		0.883
F2					0.886		0.893
F3					0.861		0.853
Eigenvalues (Initial)	9.384	2.065	1.758	1.574	1.38	1.134	-
% of Variance (Initial)	42.65%	9.39%	7.99%	7.16%	6.28%	5.16%	-
% of Cum. Variance (Initial)	42.65%	52.04%	60.03%	67.19%	73.46%	78.62%	-

Table 3.5.2 Validity Analysis (continued)

Items	Factor Loadings						Communalities
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5	Factor 6	
Eigenvalues (Rotated)	3.177	3.075	2.993	2.899	2.681	2.471	-
% of Variance (Rotated)	14.44%	13.98%	13.60%	13.18%	12.19%	11.23%	-
% of Cum. Variance (Rotated)	14.44%	28.42%	42.02%	55.20%	67.39%	78.62%	-
KMO	0.918						-
Bartlett's Test of Sphericity (Chi-Square)	10246.087						-
df	231						-
p-value	0.000						-

Validity research analyzes whether the research items are reasonable and meaningful. The validity analysis uses factor analysis, a data analysis method, to conduct comprehensive analysis through KMO value, common degree, variance explanation rate value, factor load coefficient value, and other indicators to verify the data's validity level. KMO value is used to judge the suitability of information extraction, standard degree value is used to exclude unreasonable research items, variance interpretation rate value is used to illustrate the level of information extraction, and factor load coefficient is used to measure the correspondence between factors (dimensions) and items. It can be seen from the above table that the standard degree value corresponding to all research items is higher than 0.4, indicating that the information on research items can be effectively extracted. In addition, the KMO value is 0.918, more significant than 0.6, and the data can be effectively extracted. In addition,

the variance interpretation rates of the 6 factors were 14.440%, 13.976%, 13.603%, 13.179%, 12.186%, and 11.232%, respectively. The cumulative variance interpretation rates after rotation were 78.616%>50%. This means that the information of the research can be effectively extracted. Finally, please combine the factor load coefficient to confirm whether the correspondence between the factor (dimension) and the study item is consistent with the expectation. If it is, it indicates the validity; otherwise, it must be re-adjusted. When the absolute value of the factor load is more significant than 0.4, it suggests that the option corresponds to the factor.

3.6 Data Analysis

3.6.1 Financial Statement

Table 3.6.1 Financial Statement

Unit: Ten Thousand	2019	2020	2021	2022	2023
Gross operating income	283010.74	192077.54	228129.89	250328.79	523802.16
Total operating cost	217535.45	138007.92	150204.07	189879.64	458505.23
Operating profit	81279.07	65392.84	66897.48	62365.18	43954.33
Gross profit	80991.33	65499.99	66678.71	62382.52	43716.65
Income tax	13580.83	14439.39	18241.18	14682.47	13597.69
Net profit attributable to the parent company	57684.85	51045.86	48427.79	47694.01	30119.96

Financial statement
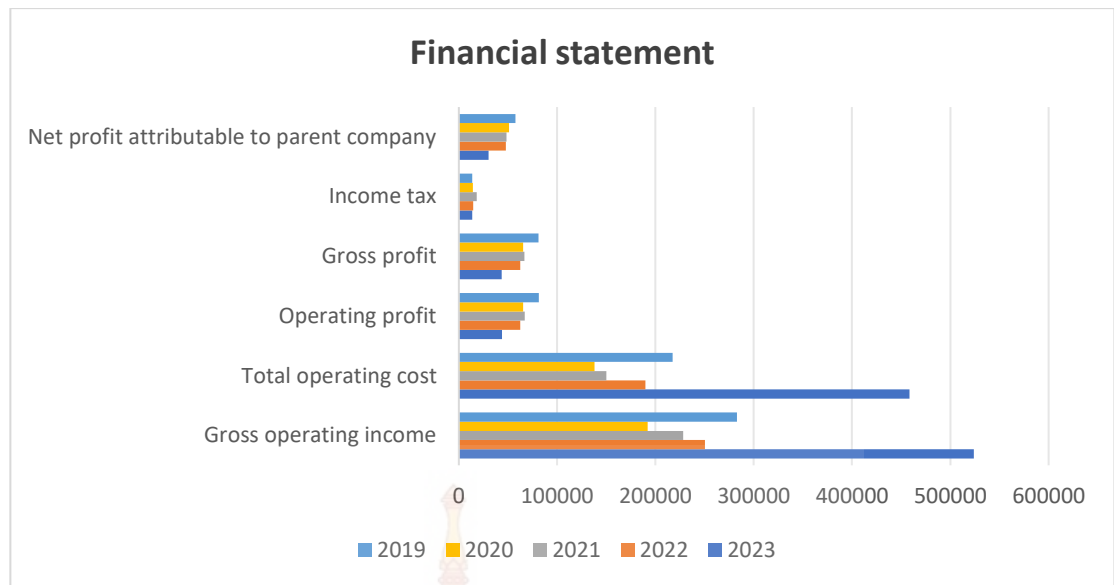
Figure 3.6.1 Financial Statement

From the perspective of the company's financial statements, the total revenue of the company had a very obvious decline in 2019-2020, which was caused by the imperfect ERP system, other internal controls, and management at that time. The entire collection and acquisition of information and the complete and effective communication inside and outside the enterprise run through internal control and management. Optimizing organizational structure and reducing communication levels can effectively improve communication efficiency. For example, a flat organizational structure is more conducive to the timely transmission of information. In addition, the developed Internet era provides strong technical support for the timely transmission of a large amount of information. Real estate enterprises can use professional business process management systems (such as the Mingyuan system commonly used by real estate enterprises) to incorporate all business links of real estate development into information system management. On the one hand, it realizes the timely transmission and sharing of business information in relevant departments; on the other hand, it also standardizes business operations, reduces management and control risks, and improves the operation and management efficiency of the company. In 2020, the company had a slow growth rate, but the effect is still not apparent. In 2023, expanding the company's scale and introducing new internal control management policies improved the

economic data in all aspects. Hence, the researcher feels that the economic impact of internal control management on the company is still huge.

3.6.2 Personnel Change Sheet

Table 3.6.2 Personnel Change Sheet

Unit: Person	2019	2020	2021	2022	2023
Financial department	29	38	32	35	67
Safety supervision department	34	43	39	42	73
Party Work Department	30	39	33	36	68
Electric workshop	35	44	40	43	74
Sales Department	31	40	34	37	69
Engineering department	36	45	41	44	75
The Marketing Department	32	41	35	38	70

From the perspective of staff post changes, the financial and sales departments changed significantly in the early stages. Staff mobility was closely related to the salary system and work arrangement of the internal control management in the early stage. Internal control personnel are new talent, but modern enterprise development also needs talent. Real estate enterprises must pay attention to the construction of internal control talent teams and comprehensively improve the quality of internal control personnel to better serve enterprises' internal control work. During this period, Yinfeng Group intensified its training efforts, hired professional lecturers to conduct professional training in related fields, and carried out targeted simulations and practical exercises to further improve the comprehensive practical ability of internal control personnel.

Meanwhile, Yinfeng Group actively created a learning atmosphere through team-building projects and comprehensive practices. It guided internal control personnel to realize their responsibilities. At the same time, we should continue to learn advanced internal control technology and methods and master the process of internal control management. As can be seen from the data, the overall change from 2020 to 2021 is small, the fluctuation begins to become more extensive in 2022, and the fluctuation is still significant in 2023, but there is a rebound. Implementing and introducing new policies will also significantly impact internal control management,

which determines whether employees are willing to transfer and the idea of continuing to work.

3.6.3 Turnover Ratio

Table 3.6.3 Turnover Ratio

Unit: Rate	2020	2021	2022	2023
Financial department	9.52%	17.95%	20.45%	31.63%
Safety supervision department	12.24%	11.36%	16.00%	19.78%
Party Work Department	17.02%	19.51%	25.00%	29.17%
Electric workshop	16.98%	18.37%	24.56%	26.73%
Sales Department	21.57%	20.93%	35.09%	21.59%
Engineering department	21.05%	12.77%	39.73%	27.18%
The Marketing Department	25.45%	20.45%	40.63%	22.22%
Average	17.69%	17.33%	28.78%	25.47%

The calculation shows that the turnover rate in 2019-2021 is about 17.33%-17.69%, and the turnover rate in two years is relatively stable. Starting in 2022, the turnover rate increased significantly with the expansion of the company's scale. By 2023, the turnover rate of all departments was still high, but it rebounded compared with 2022, and the overall decline was 3.31%. The new internal control management system has also played a key role in employee retention.

3.6.4 Employee Satisfaction

Table 3.6.4 Employee Satisfaction

	2019	2020	2021	2022	2023
Very satisfied	14	12	5	3	6
Satisfied	7	12	4	4	8
Relatively satisfied	3	6	3	3	7
Normal	9	1	8	4	3
Less satisfied	2	3	9	6	5
Dissatisfied	1	5	6	9	2
Very dissatisfied	4	1	5	11	9

From the perspective of employee satisfaction, in the first half of 2019, satisfied and dissatisfied employees can be divided into half and half. From 2020 to 2022, the proportion of satisfied employees gradually declined. By 2023, the proportion of dissatisfied employees remained high but also declined. The uneven quality of enterprise employees cannot meet the growing development needs of real estate

enterprises, and it is not conducive to enhancing the internal enterprises' ability to control. From the perspective of employee satisfaction, the lack of professional knowledge in the fast-changing real estate industry will make employees insensitive to environmental changes. They will quickly become confused in front of relevant personnel changes and policy changes. Moreover, welfare changes will cause some unreasonable employees to fight violently or leave the company together. The employees' working state will directly reflect the personal quality and ideological consciousness to be improved. The low ideological level weakens the employees' execution of the internal control system, and the work quality and ideology are not optimistic. Only by fundamentally improving employees' professional quality and ideological consciousness can the internal control level of real estate enterprises be enhanced. When the scale of the company expands, if the internal control management is not correctly adjusted and improved, the satisfaction and enthusiasm of employees will decline, which is unfavorable to the long-term development of the company.
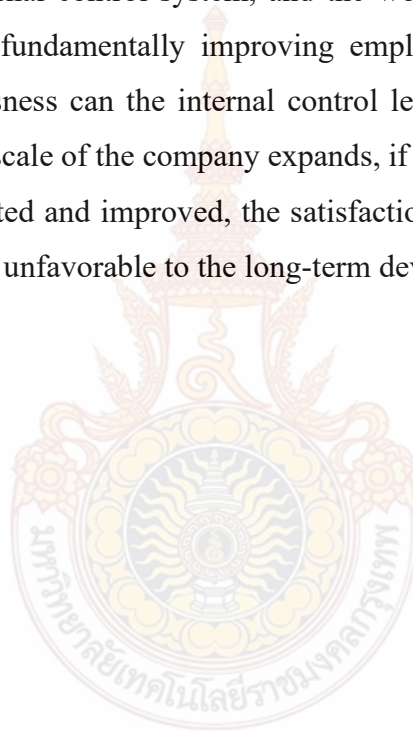
CHAPTER IV
ANALYSIS RESULT

This study's subjects were 406 randomly selected participants from the overall sample. Based on advanced statistical procedures, the data analysis of this study is primarily divided into two main categories: descriptive statistics and inferential statistics. The descriptive statistical data introduced in this chapter include absolute frequency, percentage frequency, essential mean, and standard deviation. Regarding inferential statistics, a wide range of statistical measures was applied based on hypothesis testing, including one-sample t-test, independent samples t-test, one-way ANOVA, and multiple linear regression analysis.

4.1 Research Finding (Descriptive Statistics)

4.1.1 Demographic Factors

Table 4.1 The Frequency and Percent Frequency Classified by Demographic Factor

1. Gender	Frequency	Percent（%）
Male	254	62.56
Female	152	37.44
Total	406	100
2. Marriage	**Frequency**	**Percent**
Single	82	20.20%
Married	104	25.62%
Divorced	125	30.79%
Widowed	95	23.40%
Total	406	100.00%
3. Age	**Frequency**	**Percent**
under 20	47	11.58%
20-30	96	23.65%

Table 4.1 The Frequency and Percent Frequency Classified by Demographic Factor (continued)

3. Age	Frequency	Percent
31-40	70	17.24%
41-50	40	9.85%
51-60	58	14.29%
over 60	95	23.40%
Total	406	100.00%
4. Education level	**Frequency**	**Percent**
High School	73	17.98%
Bachelor's Degree	84	20.69%
Master's Degree	74	18.23%
Doctoral Degree	89	21.92%
Other	86	21.18%
Total	406	100.00%
5. Department	**Frequency**	**Percent**
Operations	68	16.75%
Credit Risk & Compliance	61	15.02%
Marketing	96	23.65%
Human resource	80	19.70%
Audit	101	24.88%
Total	406	100.00%

The demographic analysis of our study provides a comprehensive overview of the participants' profiles, segmented across various factors such as gender, age, marital status, education level, and department within the company. This detailed breakdown is essential for understanding the diverse backgrounds and characteristics of the sample, which is crucial for interpreting the data and drawing meaningful conclusions about the impact of internal control elements on company performance.

Gender: Our sample consists predominantly of male participants, who comprise 62.56% of the total respondents. Female participants account for the remaining 37.44%, indicating a higher presence of males in the study.

Marital Status: The distribution of marital status among participants shows a varied range, with singles comprising 20.20%, married individuals 25.62%, those divorced 30.79%, and widowed participants 23.40%. This diversity in marital status provides a broad perspective on how different life stages may influence perceptions and experiences within the company.

Age: The age distribution among participants is spread across various groups, with the highest percentage in the '20- 30 years old ' group with 23.65% of the sample. Moreover, the sample was followed over 60, 31-40/51-60 41 50, with 23.40%, 17.24%, 14.29%, and 9.85%.

Education Level: The sample is well-educated, with a significant portion holding a Doctoral Degree (21.92%). Bachelor's Degree holders make up 20.69%, followed by those with a Master's Degree at 18.23% and High School education at 17.98%. The 'Other' category represents 21.18% of the sample.

Department: The departmental distribution within the company shows a balanced spread across various functions, with the Audit department having the highest representation at 24.88%. Marketing follows with 23.65%, indicating the importance of these functions in the company's operations.

4.1.2 Control Environment

Table 4.2 The Descriptive Statistics of Control Environment

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly Agree	Mean	SD	RANK
11.1. My job has clear hierarchical standards of behavior.	13	42	47	61	76	93	74	4.773	1.724	3
	3.20%	10.34%	11.58%	15.02%	18.72%	22.91%	18.23%			
11.2. My organizational structure matches the size of my company.	28	32	41	66	73	96	70	4.704	1.796	4
	6.90%	7.88%	10.10%	16.26%	17.98%	23.65%	17.24%			

Table 4.2 The Descriptive Statistics of Control Environment (continued)

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly Agree	Mean	SD	RANK
11.3 We have a comprehensive evaluation of employee performance standards.	10	43	35	65	93	82	78	4.837	1.674	2
	2.46%	10.59%	8.62%	16.01%	22.91%	20.20%	19.21%			
11.4 Our evaluations are documented and regularly filed.	14	32	40	65	86	100	69	4.855	1.651	1
	3.45%	7.88%	9.85%	16.01%	21.18%	24.63%	17%			

Table 4.2 gives descriptive statistics about the five statements used in the Control Environment. Each statement is rated on a 7-point Likert scale, from "Strongly Disagree" (1) to "Strongly Agree" (7). The table also includes the mean, standard deviation (SD), and ranking of each item based on the average score. These results provide insight into how respondents view and engage with the Control Environment.

Evaluations: Mean value: 4.885, standard deviation: 1.651, ranking 1. This indicates that participants feel that their evaluation process is documented and regularly archived, which helps maintain transparency and consistency in the evaluation process. Employee performance evaluation: Mean value: 4.837, standard deviation: 1.674, ranking second. This was the highest-scoring item in the control environment, indicating that participants strongly agreed that their organization had a comprehensive evaluation system for employee performance. Hierarchical standards: Mean: The mean score is 4.773, and the standard deviation is 1.724, ranking third. This indicates that most participants perceive their work as having clear hierarchical standards of behavior, demonstrating a general agreement with the organizational structure and code of conduct. Organizational structure: Mean value: 4.704, standard deviation: 1.796, ranking fourth. This result reflects the widespread belief among participants that their organizational structure matches the size of their company, which helps improve work efficiency and internal communication.

From these data, it can be seen that participants generally have a positive attitude toward controlling the environment. They believe the organization has clear

guiding principles, a sound structure, and a comprehensive and transparent employee performance evaluation system. Together, these factors provide a solid foundation for other components of internal control, which affects the overall integrity of the organization and the reliability of financial reporting.

Positive evaluations of the control environment may positively impact company culture, increasing employee responsibility and willingness to comply with regulations. In addition, this positive control environment may also enhance the trust of external stakeholders in the company, which positively impacts the company's reputation and market performance. However, it is worth noting that despite the high average score, a certain percentage of participants gave neutral or disagreeing feedback on certain items, indicating room for improvement in implementing and communicating the control environment.

4.1.3 Control Activities

Table 4.3 The Descriptive Statistics of Control Activities

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
12.1 Control activities at different levels of SME review.	14 / 3.45%	30 / 7.39%	34 / 8.37%	54 / 13.30%	98 / 24.14%	107 / 26.35%	69 / 17%	4.943	1.622	1
12.2 Understand the relevant business processes that control activities.	15 / 3.69%	29 / 7.14%	48 / 11.82%	61 / 15.02%	93 / 22.91%	94 / 23.15%	66 / 16.26%	4.808	1.646	3
12.3. Conduct regular reviews to ensure the relevance of policies and procedures.	23 / 5.67%	27 / 6.65%	45 / 11.08%	61 / 15.02%	92 / 22.66%	87 / 21.43%	71 / 17.49%	4.766	1.722	4

Table 4.3 The Descriptive Statistics of Control Activities

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
12.4 Policies and procedures are in place to facilitate recording and accounting	13	31	36	71	87	101	67			
								4.869	1.621	2
	3.20%	7.64%	8.87%	17.49%	21.43%	24.88%	16.50%			

Table 4.3 gives descriptive statistics of the five statements used in Control Activities. Each statement is rated on a 7-point Likert scale, from "Strongly Disagree" (1) to "Strongly Agree" (7). The table also includes the mean, standard deviation (SD), and ranking of each item based on the average score. These results provide insight into how respondents view and engage with Control Activities.

Different levels of control activity review: the mean is 4.943, the standard deviation is 1.622, ranking first. This high score indicates that participants strongly approve of the review of control activities conducted at different levels, reflecting a high level of trust in the rigor and systematicness of the organization's internal control processes.

Policies and procedures for records and accounting: The mean is 4.869, and the standard deviation is 1.621, ranking second. This score highlights clear organizational policies and procedures to promote the accuracy and integrity of recordkeeping and accounting work.

Understand the relevant business processes: The mean is 4.808, and the standard deviation is 1.646, ranking third. This score shows that the participants understand the business processes involved in the control activities, which is essential to ensuring their appropriateness and effectiveness.

The relevance of regularly reviewed policies and procedures: the mean is 4.766, and the standard deviation is 1.722, ranking fourth. This score indicates that participants view periodic reviews as essential to ensuring policies and procedures remain relevant to current business needs.

From these data, it can be seen that participants generally believe that control activities are an integral part of the organization's internal control system and hold a positive attitude toward their effectiveness. A high average score indicates that control activities are well implemented and understood in the organization. They help ensure that management's directives are carried out, maintaining the organization's financial health and operational efficiency.

Positive reviews of control activities may increase employee confidence in compliance and external stakeholders' trust in the organization's internal controls. However, despite the high average score, some participants gave neutral or disagreeing feedback on certain items. This may indicate that further training or communication is needed in some areas to ensure that employees at all levels can fully understand and execute control activities.

4.1.4 Risk Assessment

Table 4.4 The Descriptive Statistics of Risk Assessment

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
13.1 Companies regularly assess the risks of their internal controls and the possible impact on their business	18	34	40	61	84	109	60	4.788	1.682	4
	4.43%	8.37%	9.85%	15.02%	20.69%	26.85%	14.78%			
13.2 How the business sets its goals allows for discovering and assessing the associated risks.	18	22	50	63	90	105	58	4.803	1.626	3
	4.43%	5.42%	12.32%	15.52%	22.17%	25.86%	14.29%			
13.3 Fiction considers internal and external factors and their impact on achieving objectives.	14	35	43	52	93	89	80	4.877	1.697	1
	3.45%	8.62%	10.59%	12.81%	22.91%	21.92%	19.70%			

Table 4.4 The Descriptive Statistics of Risk Assessment (continued)

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
13.4 The company effectively manages risks to the organization and has implemented internal controls to mitigate identified hazards.	16 3.94%	34 8.37%	42 10.34%	54 13.30%	94 23.15%	94 23.15%	72 17.73%	4.837	1.689	2

Table 4.4 gives descriptive statistics on the five statements used in Risk Assessment. Each statement is rated on a 7-point Likert scale, from "Strongly Disagree" (1) to "Strongly Agree" (7). The table also includes the mean, standard deviation (SD), and ranking of each item based on the average score. Analysis of these results provides insight into how respondents view Risk Assessment.

Risk identification considers internal and external factors and their impact on achieving goals: The mean score is 4.877, and the standard deviation is 1.697, ranking first. This high score indicates that participants deeply understand the importance of integrating internal and external factors in risk assessment. The company effectively manages risks and has implemented internal controls to mitigate identified risks: the average score is 4.837, and the standard deviation is 1.689, ranking second. This score highlights the company's positive attitude and actions in risk management, mitigating risks through internal control measures. How the goals were set allowed the risks associated with achieving them to be identified and assessed: the mean score was 4.803, and the standard deviation was 1.626, ranking third. This score indicates that the company considers the risks associated with setting goals, which helps to plan better and implement risk management strategies. Regularly assess the risk of internal control and its possible impact on the business: the average score is 4.788, and the standard deviation is 1.682, ranking fourth. This score reflects the company's emphasis on regularly conducting risk assessments, which helps identify and address potential issues that may affect the business.

From these data, it can be seen that participants generally believe that risk assessment is an integral part of the company's internal control system and have a positive attitude toward the effectiveness of these activities. The high average score indicates that the company has taken a serious and systematic approach to risk assessment, helping to ensure that potential risks are identified promptly and properly managed.

A positive assessment of the risk assessment may increase employees' confidence in the company's risk management ability. It may also increase the trust of external stakeholders in the company's sound operations. However, despite the high average score, some participants gave neutral or disagreeing feedback on certain items. This may indicate that further training or communication is needed in some areas to ensure that employees at all levels can fully understand and participate in the risk assessment process.

4.1.5 Monitoring of Controls

Table 4.5 The Descriptive Statistics of Monitoring of Controls

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
14.1 Internal control supervision helps to determine the overall performance quality of the enterprise in the long run	23	30	46	70	66	96	75	4.759	1.767	2
	5.67%	7.39%	11.33%	17.24%	16.26%	23.65%	18.47%			
14.2 Currently, companies have independent methods of checking and evaluating control activities.	23	36	50	71	81	72	73	4.623	1.77	3
	5.67%	8.87%	12.32%	17.49%	19.95%	17.73%	17.98%			
14.3 The company regularly conducts internal reviews of the implementation of internal controls in all units.	23	24	37	65	93	78	86	4.869	1.73	1
	5.67%	5.91%	9.11%	16.01%	22.91%	19.21%	21.18%			

Table 4.5 gives descriptive statistics on the five statements used for the Monitoring of Controls. Each statement is rated on a 7-point Likert scale, from "Strongly Disagree" (1) to "Strongly Agree" (7). The table also includes the mean, standard deviation (SD), and ranking of each item based on the average score. These results provide insight into how respondents view the Monitoring of Controls.

The company's method of continuously and independently examining and evaluating control activities: the mean score is 4.623, and the standard deviation is 1.77, ranking third. This low ranking may indicate that although independent inspection and evaluation of control activities is considered necessary, more improvement or communication may be needed to increase employee confidence in their implementation. Internal control oversight helps to determine the overall quality of a company's performance over the long term: the mean score is 4.759, and the standard deviation is 1.767, ranking second. This score indicates that participants generally believe that oversight of internal control is critical to evaluating an organization's long-term performance, reflecting the importance placed on ongoing oversight of internal control systems. The company regularly conducts internal reviews of the implementation of internal controls in all units: the average score is 4.869, and the standard deviation is 1.73, ranking first. This score demonstrates the company's commitment to regular internal reviews, which help ensure that internal control measures are effectively implemented and maintained.

From these data, it can be seen that participants generally believe that control monitoring is an integral part of the company's internal control system and have a positive attitude toward the effectiveness of these activities. A high average score indicates that a company has taken a serious and systematic approach to control monitoring, helping to ensure the quality and effectiveness of its internal control systems.

Positive reviews of control monitoring may increase employees' confidence in the company's internal control capabilities and external stakeholders' trust in the company's transparency and accountability. However, despite the high average score, some participants gave neutral or disagreeing feedback on certain items. This may indicate that further training or communication is needed in some areas to ensure that

employees at all levels can fully understand and participate in the control monitoring process.

4.1.6 Information and Communication

Table 4.6 The Descriptive Statistics of Internal Control Influence on Company Performance

Items	Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly agree	Mean	SD	RANK
15.1 The perfection of internal control positively correlates with the company's financial performance.	21	38	38	61	94	93	61	4.704	1.716	3
	5.17	9.36	9.36	15.02	23.15	22.91	15.02			
15.2 The execution of internal control positively impacts the company's profitability.	27	34	41	66	75	95	68	4.687	1.788	4
	6.65	8.37	10.1	16.26	18.47	23.4	16.75			
15.3 Good internal control can reduce the company's operating costs and improve performance.	23	22	38	60	94	102	67	4.857	1.678	1
	5.67%	5.42%	9.36%	14.78%	23.15%	25.12%	16.50%			
15.4 Implementing internal control helps the company better respond to market changes and thus improve performance.	16	25	49	65	83	98	70	4.842	1.655	2
	3.94%	6.16%	12.07%	16.01%	20.44%	24.14%	17.24%			

Table 4.6 provides descriptive statistics of five statements on the use of Internal control Influence on company performance. Each statement is rated on a 7-point Likert scale, from "Strongly Disagree" (1) to "Strongly Agree" (7). The table also includes the mean, standard deviation (SD), and ranking of each item based on the average score. These results provide insight into how respondents perceive internal control and its influence on company performance.

Reasonable internal control can reduce the company's operating costs and improve performance: the average score is 4.857, and the standard deviation is 1.678, ranking first. This high score highlights the critical role of internal controls in reducing costs and improving performance, indicating that participants place a high value on

cost-effectiveness and performance optimization. Implementing internal controls helped the company better respond to market changes and thus improve performance: the average score was 4.842, and the standard deviation was 1.655, ranking second. This score indicates that participants believe that internal controls enable companies to adapt more flexibly to market changes, which is critical to maintaining and improving company performance. Improving internal control positively correlates with the company's financial performance: the average score is 4.704, and the standard deviation is 1.716, ranking third. This score reflects that the participants generally believe that the improvement of internal control can positively affect the company's financial performance, indicating that the effectiveness of internal control is closely related to the company's economic results. The execution of internal control positively impacts the company's profitability: the average score is 4.687, and the standard deviation is 1.788, ranking fourth. Despite a slightly lower ranking, this score indicates that participants believe good internal controls enhance a company's profitability.

From these data, it can be seen that participants generally believe that internal control significantly impacts corporate performance. The high average score indicates that all aspects of a company's internal controls are seen as key to improving the company's overall performance. This positive evaluation may have increased employees' confidence in the company's internal control system and may have increased external stakeholders' trust in the company's sound operations and market competitiveness.

However, despite the high average score, some participants gave neutral or disagreeing feedback on certain items. This may indicate that further training or communication is needed in certain areas to ensure that employees at all levels fully understand and appreciate the role of internal controls in improving company performance. In addition, it also reminds management of the need to continuously pay attention to and optimize the internal control system to ensure that it remains effective in the changing market environment.

4.2 Hypothesis Testing Result (Inferential Statistics)

4.2.1 Differences in Demographic Factors Generate Differences in Corporate Performance

4.2.1.1 Differences in Gender Generate Differences in Corporate Performance

H0: $\mu1 = \mu2$

Ha: $\mu1 \neq \mu2$

Table 4.7 The Independent Samples t-test of the Gender Factor

	Term	N	Mean	St. Deviation	t-value	df	Sig
Company performance	Male	254	4.81	1.44	-0.566	344.459	0.572
	Female	152	4.89	1.30			

As can be seen from the independent sample T-test results in Table 4.7, the average score of male participants on corporate performance is 4.81, and the standard deviation is 1.44. The mean score for female participants was 4.89, with a standard deviation of 1.30. When statistical tests were performed to determine whether gender affected the perception of company performance, a T-value of -0.566 and a P-value of 0.572 were obtained. Since the P-value exceeds the commonly accepted significance level of 0.05, we do not have sufficient statistical evidence to reject the null hypothesis. This showed that, from a statistical perspective, there was no significant difference in the perception of company performance between male and female participants. This analysis means that gender was not crucial in distinguishing corporate performance perceptions in this study.

4.2.1.2 Differences in Marital Status Generate Differences in Corporate Performance

H_0: $\mu1 = \mu2$
H_a: $\mu1 \neq \mu2$

Table 4.8 The One-way ANOVA of Marital Status

Marital Status	Sum of Squares	df	Mean Square	F	Sig
Between Groups	9.742	3	3.247	1.695	0.167
Within Groups	769.967	402	1.915		
Total	779.709	405			

As shown from the one-way ANOVA results in Table 4.8, participants with different marital statuses did not show significant differences in their perception of corporate performance. The F-value was 1.695, and the P-value was 0.167, higher than the usual significance level of 0.05. This shows no statistically significant difference in how employees perceived their company's performance, whether single, married, divorced, or widowed. Therefore, we can conclude that marital status does not significantly affect employees' perception of company performance. However, to gain a deeper understanding of the factors that may influence a company's performance perception, future research may need to consider a broader range of demographic characteristics, including marital status.

4.2.1.3 Differences in Age Generate Differences in Corporate Performance

H_0: $\mu 1 = \mu 2$

H_a: $\mu 1 \neq \mu 2$

Table 4.9 The One-way ANOVA of Age

Age	Sum of Squares	df	Mean Square	F	Sig
Between Groups	19.284	5	3.857	2.029	0.074
Within Groups	760.424	400	1.901		
Total	779.709	405			

As shown from the one-way ANOVA results in Table 4.9, participants in different age groups were considered in the analysis: under 20 years, 20-30 years, 31-40 years, 41-50 years, 51-60 years, and over 60 years. The results of ANOVA showed that the sum of squares between the age groups was 19.284, the degree of freedom was 5, and the mean square error was 3.857, resulting in an F-value of 2.029 and a corresponding P-value of 0.074. According to the results of the variance analysis, the P-value is 0.074, which is close to but exceeds the commonly accepted significance level of 0.05. This means that although age has some effect on company performance perception, this effect is not statistically significant, and we do not have enough statistical evidence to reject the null hypothesis that participants of different age groups do not have substantial differences in their perception of company performance.

4.2.1.4 Differences in Educational Level Generate Differences in Corporate Performance

$H_0: \mu1 = \mu2$

$H_a: \mu1 \neq \mu2$

Table 4.10 The One-way ANOVA of Educational Level

Educational Level	Sum of Squares	df	Mean Square	F	Sig
Between Groups	7.174	4	1.793	0.931	0.446
Within Groups	772.535	401	1.927		
Total	779.709	405			

As can be seen from the one-way ANOVA results in Table 4.10, participants with different levels of education were considered in the analysis: high school, bachelor's, master's, doctoral, and others. The results of ANOVA show that the sum of squares between educational level groups on the perception of corporate performance is 7.174, the degrees of freedom are 4, and the mean square error is 1.793. The obtained F value is 0.931, and the corresponding p value is 0.446. According to the variance analysis, the P-value is 0.446, far beyond the commonly accepted significance level of 0.05. This means insufficient statistical evidence exists to reject the null

hypothesis that participants with different education levels do not significantly differ in their perception of firm performance.

4.2.1.5 Differences Department Generate Differences in Corporate Performance

H_0: $\mu 1 = \mu 2$

H_a: $\mu 1 \neq \mu 2$

Table 4.11 The One-way ANOVA of the Department

Job Commitment	Sum of Squares	df	Mean Square	F	Sig
Between Groups	4.896	4	1.224	0.634	0.639
Within Groups	774.812	401	1.932		
Total	779.709	405			

As shown from the one-way ANOVA results in Table 4.11, employees from different departments within the company were considered in the analysis: operations, credit risk and compliance, marketing, human resources, audit, etc. The results of ANOVA show that the sum of squares between groups of different departments in the perception of corporate performance is 4.896, the degree of freedom is 4, and the mean square error is 1.224. The obtained F value is 0.634, and the corresponding p value is 0.639. According to the analysis of variance, the P-value is 0.639, which significantly exceeds the commonly accepted significance level of 0.05. This means there is insufficient statistical evidence to reject the null hypothesis that employees in different departments do not differ significantly in their perception of company performance.

4.2.2 The Multiple Linear Regression

$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4$

Where Y = Company performance

X_1 = Control environment

X_2 = Control activities

X_3 = Monitoring

X_4 = Risk assessment

Table 4.12 The Multiple Linear Regression Analysis

Results of the Linear Regression Analysis

	Non-standardized Coefficients		Standardization Coefficient	t	p	Collinearity Diagnostics	
	B	**Standard Error**	**Beta**			**VIF**	**Tolerance**
Constant	0.113	0.148	-	0.763	0.446	-	-
Control environment (X_1)	0.126	0.045	0.125	2.791	0.006	3.150	0.317
Control activities (X_2)	0.228	0.051	0.236	4.508	0.000	4.280	0.234
Monitoring (X_3)	0.171	0.046	0.163	3.760	0.000	2.927	0.342
Risk assessment (X_4)	0.213	0.045	0.213	4.771	0.000	3.106	0.322

Dependent variable: company performance
* $p<0.05$ $p<0.01$

Hypothesis 1 (H1): Difference in Demographic Factors Generates Differences in Company Performance.

Hypothesis 2 (H2): Internal Control Has Influence on Company Performance.

Model Overview:

The regression model $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4$ is designed to evaluate the impact of various factors on company performance. Here, Y represents company performance, and the X variables represent factors influencing company performance.

Results Summary:

The model's R-squared value of 0.745 indicates that the independent variables explain 74.5% of the variance in company performance, suggesting a strong predictive capability.

The Adjusted R-squared value of 0.741 confirms the model's explanatory power after adjusting for the number of predictors.

The F-test result (F = 193.425, p = 0.000) confirms the overall significance of the model, indicating that the set of independent variables significantly predicts company performance.

Demographic Factors (H1):

The analysis does not provide specific coefficients for demographic factors within the regression model. However, based on the hypothesis testing results, demographic factors such as gender, marital status, age, education level, employment status before starting a business, entrepreneurial experience, company size, method of becoming a company boss, time spent on business matters, and additional company ownership were not found to impact company performance significantly (all p-values > 0.05). This suggests that, collectively, these demographic factors do not statistically significantly differentiate company performance.

Internal Control (H2):

The regression coefficients for various aspects of internal control are as follows:

Control Environment (X_1): $\beta_1 = 0.126$, t = 2.791, p = 0.006. This indicates a significant positive impact on company performance, supporting H2.

Control Activities (X_2): $\beta_2 = 0.228$, t = 4.508, p = 0.000. This shows a significant positive effect, reinforcing the influence of internal control activities on company performance.

Monitoring (X_3): $\beta_3 = 0.171$, t = 3.760, p = 0.000. The significant positive coefficient indicates that monitoring has a positive impact on company performance.

Risk Assessment (X_4): $\beta_5 = 0.213$, t = 4.771, p = 0.000. A robust risk assessment process is crucial for improving company performance.

Collinearity Diagnostics:

The Variance Inflation Factor (VIF) for all predictors is below 5, indicating no multicollinearity issues within the model.

Conclusion:

The multiple linear regression analysis supports the hypothesis that internal control significantly influences company performance. Demographic factors, as a

collective, do not significantly impact company performance. The robust model, with no multicollinearity or autocorrelation issues, provides valuable insights for enhancing company performance through strong internal control mechanisms.

Table 4.13 The Multiple Linear Regression Analysis

Model	R	R square	Adjusted R Side	Errors in Standard Estimates
1	0.745[a]	0.741	00.736	0.707

a. Predictors: (constant), information and communication, monitoring, risk assessment, control environment, control activities

From Table 4.13, the result shows that all factors have a positive relationship with Company performance, as the multiple correlation coefficient (R)= 0.745. It can be interpreted that the relation between predicted variables and dependent variables is relatively high in the same direction, with the expected value of the analysis equal to 73.6%

Table 4.13 shows the following Demographic Factors (H1): The regression analysis did not provide specific coefficients for demographic factors. However, based on the hypothesis test results, demographic factors such as gender, marital status, age, and education level did not significantly affect firm performance (all p values > 0.05), suggesting that these demographic factors did not differentiate firm performance statistically significantly. Internal Control (H2): All aspects of internal control, such as control environment, control activities, supervision, information and communication, and risk assessment, have a significant positive impact on corporate performance.

Table 4.14 The Summary Results of Hypothesis Testing

Demographic Factors	Job Commitment	Results
Hypothesis 1		
1. Gender	t（344.459）=-0.566, p=0.572	
2. Marriage	F=1.695, p=0.167	
3. Age	F=2.029, p=0.074	
4. Education level	F=0.931, p=0.446	
5. Department	F=0.634, p=0.639	
Hypothesis 2		
Control environment	t = 2.791, p = 0.006	√
Control activities	t = 4.508, p = 0.000	√
Monitoring	t = 3.760, p = 0.000	√
Risk assessment	t = 4.771, p = 0.000	√
Internal control	t = 2.987, p = 0.003	√

√ Accept the hypothesis at the significance level of 0.05

- Reject the hypothesis at the significance level of 0.05

CHAPTER V
CONCLUSION AND DISCUSSION

5.1 Conclusion

This study uses the Yinfeng Group in China's real estate industry as an example to discuss the status quo of internal control management, existing problems, and its intense impact on enterprise performance. Through literature review, field investigation, questionnaire survey, and data analysis, this paper reveals the key role of internal control in improving enterprise operation efficiency, ensuring asset safety, ensuring financial information quality, and promoting sustainable development.

The study found that Yinfeng Group had some deficiencies in internal control management, including unreasonable organizational structure design, imperfect risk assessment and management, a lack of an adequate performance evaluation system, lax authorization and approval control, and lagging information system construction. These problems not only affect the implementation of internal control but also restrict the overall performance and development of the enterprise.

In addition, the study also found that different elements of internal control, such as the control environment, control activities, risk assessment, monitoring and control, and information and communication, significantly correlate with corporate performance. In particular, the control environment, control activities, and risk assessment considerably positively impact corporate performance. In contrast, the impact of monitoring, control, and information and communication is insignificant.

5.2 Discussion

When writing the discussion part of Chapter 2, "Literature Review", we need to deeply analyze the role of internal control in enterprise management mentioned in this chapter, the development of internal control theory, the importance of risk assessment, and the influence of the internal environment on

organizational governance. The following is a discussion based on the literature review provided:

The Role of Internal Control in Enterprise Management

Internal control plays a vital role in enterprise management. As stated by Arnold and Tanya (2022), the primary purpose of internal control is to ensure the implementation of various internal regulations, the reliability of financial reports, the security of enterprise assets, and the promotion of enterprise development. Five elements of internal control, control environment, risk assessment process, information system and communication, control activities, and supervisory control constitute the basic framework of enterprise internal control. The discussion should emphasize that the effective implementation of internal controls can significantly improve a company's operational efficiency and risk management capabilities.

Development of Internal Control Theory

The development of internal control theory has transformed from internal containment theory to a modern risk framework. The research of He (2011) and Takashi (2012) provides an in-depth analysis of the structure and rationality of internal control theory. Scholars such as Mueller and Lukas (2016) studied information disclosure in internal control reports. They pointed out that the disclosure of internal control defects may have a negative impact on investment analysts' judgment and decision-making. The discussion should point out that the development of internal control theory reflects the evolution of enterprise management practice and guides enterprises in conducting risk management and decision-making more effectively.

Risk Assessment

Risk assessment is an indispensable part of internal control. Kaya's (2016) and Literacy's (2018) research shows that risk assessment is critical for businesses to anticipate and respond to potential risks. Practical risk assessment can help enterprises identify and quantify risks, formulate corresponding risk management strategies, and protect enterprises from the impact of uncertainty.

Internal Environment and Organizational Governance

The influence of the internal environment on organizational governance cannot be ignored. As described by Arnold et al., the internal environment includes the enterprise's organizational structure, the philosophy and professional ethics of the management, etc. These factors jointly shape the enterprise's control environment. The discussion should emphasize that a sound internal environment can promote the effective implementation of internal controls and enhance enterprises' adaptability and flexibility to external supervision.

To sum up, internal control plays a key role in modern enterprise management. Enterprises can establish a more scientific and perfect internal control system through continuous theoretical innovation and practical exploration. This is significant for improving enterprises' market competitiveness, ensuring the authenticity and legitimacy of financial information, and realizing sustainable development. Future research should focus on new developments in internal control theory and how these theories can be applied to different industries and companies of various sizes.

5.3 Implications for Practice

The findings of this study on the internal control management of the Chinese real estate industry, with a focused case study on Yinfeng Group, Shandong, offer several practical implications for similar organizations within the industry and for Yinfeng Group itself:

Organizational Structure Adjustment: The need to shift from a project-based to a more strategic and streamlined organizational structure is evident. This will enhance a sense of belonging among team members and support career continuity, which is crucial for talent retention and organizational growth.

Risk Management: Implementing a comprehensive risk assessment and management system is imperative. This will allow Yinfeng Group to effectively identify, evaluate, and mitigate potential risks, improving operational efficiency and decision-making.

Performance Appraisal System: Developing an effective performance appraisal system is necessary to align employee goals with organizational objectives and enhance overall performance management.

Authorization and Approval Processes: Strengthening the existing authorization and approval processes will ensure compliance with internal control standards and contribute to better financial management.

Information and Communication: Establishing an ERP system and enhancing communication channels are essential to ensuring timely and accurate information flow, which is critical for effective internal control.

Internal Audit Function: Creating an independent internal audit function will provide an additional layer of oversight and help maintain the integrity and effectiveness of internal controls.

5.4 Recommendation for Future Research

While this study has provided insights into the internal control management of Yinfeng Group, several areas warrant further investigation:

Longitudinal Studies: Future research could benefit from a longitudinal approach to examine the evolution of internal control systems and their impact on organizational performance over time.

Comparative Analysis: A comparative study between real estate firms with varying internal control structures could reveal best practices and industry standards.

Technology Integration: With the rapid technological advancement, research into integrating new technologies such as AI and blockchain in internal control systems could be a valuable study area.

Cultural Impact: Future research could explore the role of organizational culture in successfully implementing internal control measures.

Training and Development: Investigating the impact of training and development programs on the effectiveness of internal control systems and employee compliance.

5.5 Limitations of the Study

This study, though comprehensive, has certain limitations that must be acknowledged:

Scope of Research: The research was limited to Yinfeng Group and may not fully represent China's broader real estate industry.

Data Collection: The reliance on self-reported questionnaires and interviews may introduce bias, and objective data from a larger sample size could provide a more robust analysis.

Generalizability: The findings and recommendations are specific to Yinfeng Group's context, and their applicability to other organizations may vary.

Technological Changes: The rapid pace of technological change may render some aspects of the study outdated, necessitating regular updates to internal control practices.

Economic and Regulatory Factors: The study did not extensively explore the impact of economic fluctuations and regulatory changes on internal control systems, which could be a significant factor in future studies.

Addressing these limitations in future research can help achieve a more comprehensive understanding of internal control management in the real estate industry.
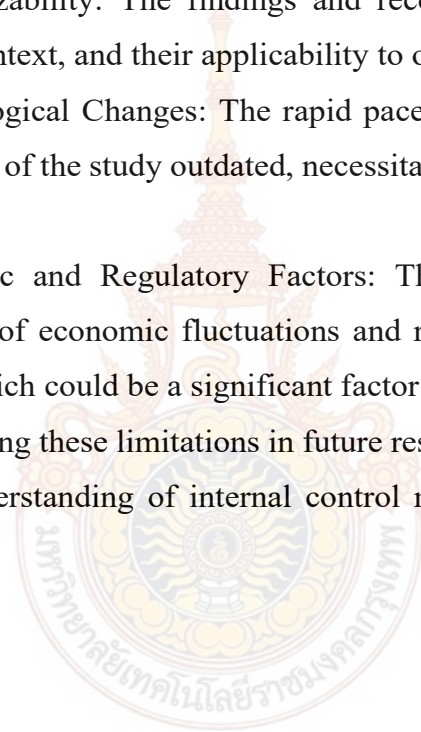
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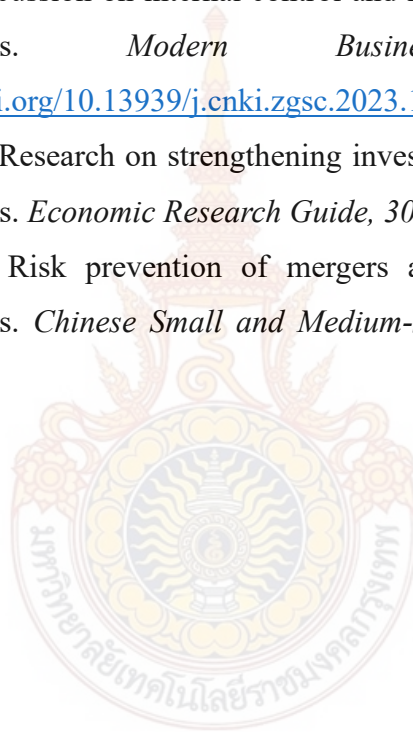
APPENDICES

Questionnaire

The Internal Control Management of Chinese Real Estate Industry: A Case Study of Yinfeng Group, Shandong

Dear Sir or Madam,

Thank you for dedicating your time to participate in this post-work questionnaire. Your responses will remain anonymous, and the questionnaire design and the gathered results will solely be utilized for the thesis. Kindly provide objective and truthful answers to the following questions. Your cooperation is greatly appreciated. Wishing you continued success in your work.

Note: Please mark "√ " on the corresponding option number.

Part I: Demographic Factors

1. Gender
□ Male
□ Female

2. Marital Status
□ Single
□ Married
□ Divorced
□ Widowed

3. Age
□ Under 20
□20 - 30
□ 31- 40
□ 41-50
□51-60
□ Over 60

4. Educational Level
□ High School
□ Bachelor's Degree
□ Master's Degree
□ Doctoral Degree
□ Other

5. Department
□ Operations
□ Credit Risk &compliance
□ Marketing
□ Human resources
□ Audit

Part II Impact of Internal Control Systems

Directions: Indicate how you feel about your job. In this section, please tick "√" in front of the options that match your personal information:

1	2	3	4	5	6	7
Strongly Disagree	Disagree	Slightly Disagree	Undecided	Slightly Agree	Agree	Strongly Agree

Impact of internal control systems	1	2	3	4	5	6	7
11. Control Environment							
11.1. My job has clear hierarchical standards of behavior.							
11.2. My organizational structure matches the size of my company.							
11.3 We have a comprehensive evaluation of employee performance standards.							
11.4 Our evaluations are documented and regularly filed.							
12. Control Activities							
12.1 Control activities at different levels of SME review.							

12.2 Understand the relevant business processes that control activities.						
12.3. Conduct regular reviews to ensure the relevance of policies and procedures.						
12.4 Policies and procedures are in place to facilitate recording and accounting						
13. Risk Assessment						
13.1 Companies regularly assess the risks of their internal controls and the possible impact on their business						
13.2 The business's goal-setting process allows for discovering and assessing the risks associated with achieving those goals.						
13.3 fication considers internal and external factors and their impact on achieving objectives.						
13.4 The company effectively manages risks to the organization and has implemented internal controls to mitigate identified hazards.						
14. Monitoring of Controls						
14.1 Internal control supervision helps to determine the overall performance quality of the enterprise in the long run						
14.2 Currently, companies have independent methods of checking and evaluating control activities.						
14.3 The company regularly conducts internal reviews of the implementation of internal controls in all units.						
15. Influence on company performance						
15.1 Are you satisfied with the company's performance in the past year?						
15.2 Do you think the company has achieved all the performance targets set in the past year?						
15.3 Do you expect the company to grow in the coming year?						
15.4 Are you satisfied with the company's profit performance over the past year?						

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