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

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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. Their status and contribution to the national economy cannot be ignored. However, most private enterprises lack an understanding of small and medium-sized enterprises (SMEs) or do not comprehend the internal control mechanisms necessary to formulate and implement an effective internal control management system. This lack of understanding is the main bottleneck preventing enterprises from becoming larger and stronger. Enhancing internal management is particularly beneficial for improving the risk-prevention capabilities of small and medium-sized private enterprises, thereby facilitating their growth. This paper analyzes the problems faced by small and medium-sized private enterprises, using the internal supervision of the internal control system of Yinfeng Group as a case study. Based on internal control's basic and practical meanings, the paper provides suggestions to improve internal control management.

Keywords: Internal Control Management, Risk prevention ability, Employee satisfaction, Turnover rate, Revenue performance

Introduction

Real estate enterprises have numerous growth opportunities and a favorable social environment in today's rapidly developing Chinese economy and society. However, following six "golden years" of swift development, China's economy is now at a turning point. Market fluctuations have sounded an alarm for enterprises, with a significant portion of the market struggling to survive. The rapid growth of China's real estate sector has brought numerous challenges to the industry. Consequently, there is an increasing emphasis on internal control within China's real estate sector. In this context, ensuring that enterprise strategies are developed in the right direction and that internal control measures are in place can help minimize missteps in strategic development. Currently, the internal control management of most real estate enterprises remains relatively underdeveloped (Dai, 2018).

The primary objectives of any business are survival, growth, and profitability. Survival is essential for an enterprise to grow and maximize its value. Establishing robust internal controls is particularly crucial given the increasingly challenging external environment and intense competition in the real estate industry. Internal control activities span the entire scope of daily operations, can effectively promote an enterprise's development strategy, improve operational and managerial efficiency, safeguard assets, ensure the quality of financial information, and invigorate the board of directors, management, and all employees. A comprehensive system can reduce development costs and expenditures, maximize enterprise benefits, prevent business risks, and enhance management capabilities (Xue, 2020).

Research Hypotheses

H1: Differences in Demographic factors generate differences in company performance

H2: Internal control influences company performance

Research objectives

To investigate the influence of demographic factors on company performance.

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.

Literature Review

Control activities

From the perspective of the concept and content of internal control, internal control primarily involves the scientific management of various production and business activities within an organization by relevant departments in accordance with established management systems (Arnold et al., 2022). This aims to achieve effective control over the organization's internal business operations. Generally speaking, a company's internal control encompasses two main aspects:

1. **Internal Accounting:** This involves targeted control methods employed by relevant departments to reduce the likelihood of financial information loss and to enhance the security of the company's accounting activities.
2. **Internal Management:** This refers to a series of control measures taken by relevant departments to better and more rapidly achieve the organization's development goals through the enterprise's operational and production activities.

He (2011) elaborated on the rationality of the essence and structure of internal control theory and recognized the current internal control theory structure system. He also discussed the stages of the development of internal control theory and analyzed existing problems within it. In our country's current stage of development, research on internal control theory is still in its infancy, indicating significant room for improvement. Many foreign scholars have conducted in-depth research on internal control theory, expanding the content to the latest areas of the field. For instance, Pittaway (2015) compared the differences between internal audit departments and third-party audit institutions, highlighting defects in internal control theory. Mueller and Lukas (2016) studied information disclosure in internal control reports and suggested that the defects disclosed could negatively impact investment analysts' judgments and decisions, increasing forecast errors. From a human resources perspective, scholars like Gray (2016) explained the negative correlation between the employee ratio and internal control defects. The development trends and experiences in foreign research on internal control theory are valuable lessons for our country.

Information and Communication

Internal control can refine the internal processes of enterprise management activities, optimize the management process, and improve the overall management level of enterprises. With the rapid development of the real estate industry, it is crucial to prevent risks and enhance competitiveness. Real estate enterprises are different from ordinary businesses and have particularities in operation and management. Real estate development projects involve many industries and have long development cycles. These companies are capital-intensive and face higher risks concerning the efficient use of capital and development costs. Therefore, strengthening the internal control system of real estate enterprises is essential for optimizing enterprise management, preventing competition, and mitigating investment risks. The company's management level plays a significant leadership role in the development of the real estate company.

Internal supervision

At present, the internal control theory of enterprises has become more perfect with the development of time, and the current internal control theory has gradually transformed into the stage of the construction of an internal control risk framework, and enterprises take risk as the main orientation in the process of 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, which has greatly impacted 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.

The internal control framework at the fourth stage encompasses various critical components essential for ensuring effective control within an organization. The Committee of Sponsoring Organizations (COSO) has outlined five key internal control systems: control environment, control activities, risk assessment, information and communication, and monitoring activities (Rahman et al., 2019). These components serve as the foundation for establishing standards, procedures, and structures that underpin an organization's internal control framework (Kasztelnik & Gaines, 2019).

Moreover, the COSO Internal Control-Integrated Framework has been widely adopted by firms as a benchmark for evaluating the efficacy of their internal controls, including the control environment (Rubino et al., 2017). It is emphasized that the interaction between the internal control system and business procedures is crucial for the overall effectiveness of the internal control framework (Pakurár et al., 2019). Additionally, implementing the COSO Framework integrated with Internal Quality Assurance has enhanced performance in internal control, risk assessment, and monitoring processes (Riyadi et al., 2021).

Furthermore, the design and implementation of internal controls play a significant role in preventing and detecting fraud within organizations (Puspitasari & Djakman, 2019). The robustness and stability of the internal control system are paramount, with the COSO Framework serving as a valuable tool for auditors globally in evaluating internal control systems (Gaines & Kasztelnik, 2019). The indicators of an internal control system, its implementation, role, objectives, framework, and disclosure system are all integral aspects that contribute to the effectiveness of the internal control framework (Pangaribuan et al., 2019).

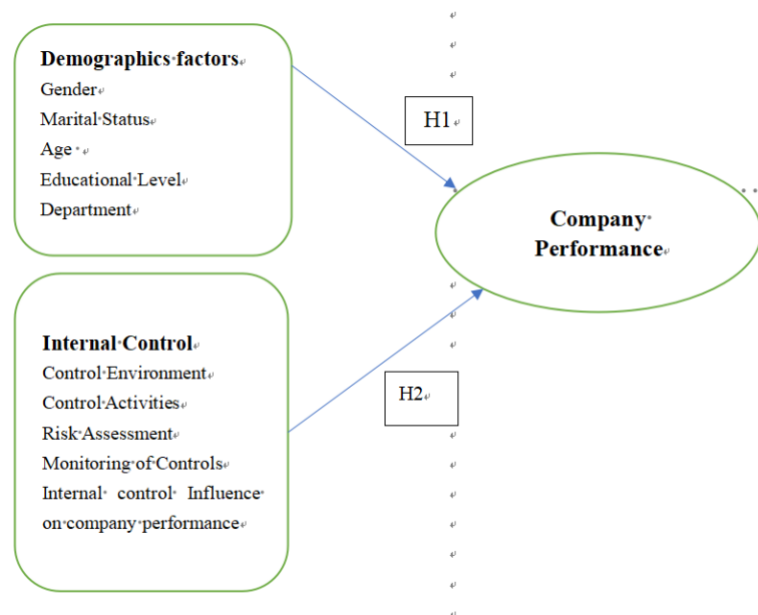
In conclusion, the fourth stage of an internal control framework necessitates a comprehensive approach that integrates key components such as control environment, activities, risk assessment, information, communication, and monitoring. Organizations can enhance their internal control systems by adhering to established frameworks like COSO, mitigating risks, and ensuring operational effectiveness.

The overall framework of internal control risk management has increased the development of strategic objectives, 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. Based on the traditional internal control framework, the integration of risk elements is needed to make the internal control standards more comprehensive.

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 effective implementation of internal control and the strengthening of constraints on the organization's behavior are conducive to ensuring the legal compliance of the operation and management of the organization and preventing serious 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 huge 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.

Conceptual Framework



Methodology

This research utilizes a quantitative approach by distributing questionnaires to respondents. Data was collected from the Jinan City Shizhong District and Huaiyin District branches through field visits and face-to-face communication with managers and employees of the engineering and marketing planning departments.

In this study, the Jinan Branch of the Shandong Yinfeng Group was selected as a field investigation and survey sample, and relevant questionnaires were distributed. Eight managers from Project 1 of the Jinan Branch of Yinfeng Group, including the general manager, deputy general manager, and the minister and deputy minister of the strategy department, were interviewed as senior executives to understand the company's strategic level and the current state of its internal control management system.

Sample interviews were conducted with 486 employees, and statistics were recorded. Various indicators of employee satisfaction were summarized and analyzed, highlighting current issues between employee satisfaction and the internal control management of Yinfeng Group. Relevant suggestions were then put forward based on the findings. Data was analyzed using SPSS, and the validity, reliability, descriptive statistics, regression analysis, inferential statistics, and t-tests were conducted to ensure the robustness of the results.

Results and Analysis

Data was analyzed using statistical tools such as SPSS to transform raw data into meaningful insights that inform strategic decision-making. This meticulous process involved gathering data from the Jinan Branch of Shandong Yinfeng Group through structured questionnaires and interviews with managers and employees. Employing validity and reliability tests, regression analysis, and t-tests, the study seeks to elucidate the relationship between internal control management and employee satisfaction. Below is the reliability and content validity of the questionnaires.

Table 1 Reliability Statistics (Cronbach Alpha)

Items	CITC \square	Cronbach Alpha if Item Deleted \square	Cronbach α \square	
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	0.857	
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		
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	0.865	
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		
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 the discovery and assessment of the risks that may be associated with achieving those goals.	0.876	0.921	0.943	0.935
C3. Fiction considers internal and external factors and their impact on achieving objectives.	0.875	0.921		
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	0.881	
E3. The code of conduct, or other policies, expressly prohibit the override of internal controls by management.	0.782	0.833		

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 "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 greater 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.

Data Analysis

Table 2 Financial Statement

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

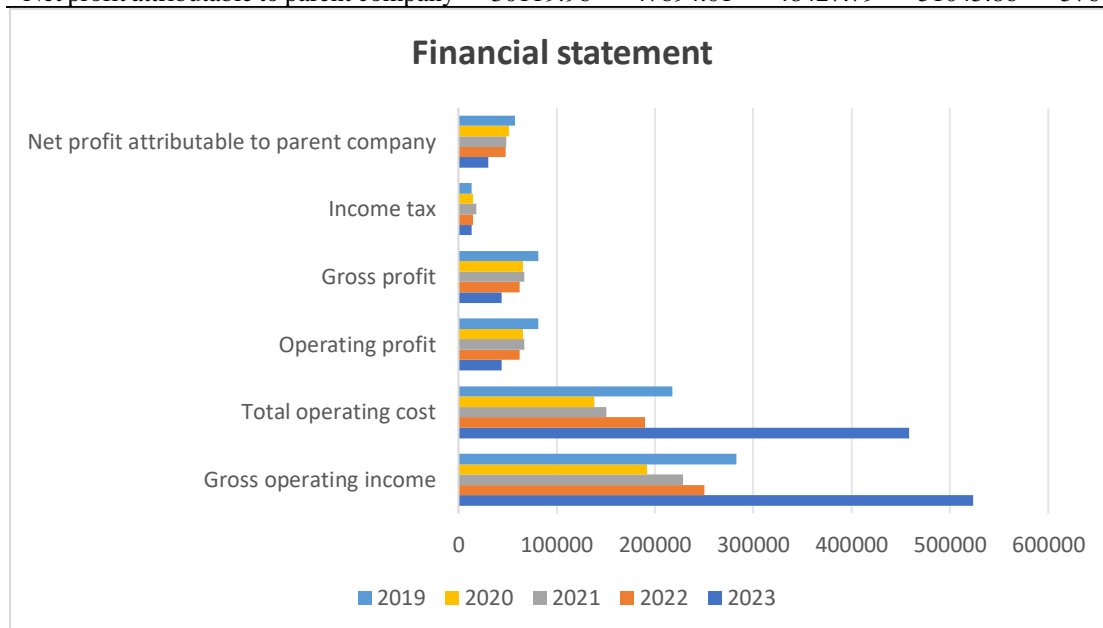


Figure 1
Financial statement

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 and other internal controls and management at that time. The entire collection and acquisition of information and the full 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 obvious. In 2023, the expansion of the company's scale and the introduction of new internal control management policies improved the economic data in all aspects, so I feel that the economic impact of internal control management on the company is still very huge.

Descriptive Analysis

Table 3 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%
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%

Male participants accounted for 62.56% of the sample, and female participants accounted for 37.44%, indicating that men were more involved in the study. The participants' marital status was diverse, with 20.20% single, 25.62% married, 30.79% divorced and 23.40% widowed. This suggests that the sample covered different life stages. The age distribution spanned all ages from under 20 to over 60, with the 20-30 age group having the highest proportion of participants at 23.65%, followed by the 60-plus, 31-40, 51-60, and 41-50 age groups. Among the sample, 21.92% had a doctoral degree, followed by a bachelor's degree 20.69%, a master's degree 18.23%, a high school diploma 17.98%, and another 21.18%. The distribution of different departments within the company is relatively balanced, with the highest representation of the audit department, accounting for 24.88%, followed by the Marketing Department, accounting for 23.65%, showing the importance of these departments in the company's operations.

Table 4 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 3.20%	42 10.34%	47 11.58%	61 15.02%	76 18.72%	93 22.91%	74 18.23%	4.773	1.724	3
11.2. My organizational structure matches the size of my company.	28 6.90%	32 7.88%	41 10.10%	66 16.26%	73 17.98%	96 23.65%	70 17.24%	4.704	1.796	4
11.3 We have a comprehensive evaluation of employee performance standards.	10 2.46%	43 10.59%	35 8.62%	65 16.01%	93 22.91%	82 20.20%	78 19.21%	4.837	1.674	2
11.4 Our evaluations are documented and regularly filed.	14 3.45%	32 7.88%	40 9.85%	65 16.01%	86 21.18%	100 24.63%	69 17%	4.855	1.651	1

Job level Standard clarity (11.1): 3rd with an average score of 4.773 and a standard deviation of 1.724. This indicates that most participants perceive their work as having clear hierarchical standards of behavior. Organizational structure and company size matching degree (11.2): the average score is 4.704, and the standard deviation is 1.796, ranking fourth. This reflects the widespread belief among participants that their

organizational structure matches the company's size. The comprehensiveness of employee performance evaluation (11.3): The mean score is 4.837, and the standard deviation is 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 employee performance evaluation system. Documentation and archiving of assessments (11.4): Ranked first with an average score of 4.855 and a standard deviation of 1.651. This indicates that participants feel that their evaluation process is documented and regularly archived, helping to maintain transparency and consistency in the evaluation process. Control activities at different levels of review (12.1): average score of 4.943, standard deviation of 1.622, ranking first. This high score indicates that participants strongly support the review of control activities at different levels, reflecting a high level of trust in the rigor and systematicness of the organization's internal control processes.

Table 5 The Multiple Linear Regression Analysis

Model	R	R square	Adjusted R side	Errors in standard estimates
1	0.745a	0.741	00.736	0.707

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

Table 5 shows that all factors positively correlate with company performance, as demonstrated by 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 predicted 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 considerably. 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.

Inferential Statistics

Table 6 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 significant value of 0.05

- Reject hypothesis at the significant value of 0.05

Table 6 summarizes the results of hypothesis testing as follows:

Hypothesis 1:

Gender: the T-value was -0.566, and the P-value was 0.572, with no significant difference.

Marital status (Marriage): F-value was 1.695 and P-value was 0.167, with no significant difference.

- Age: F value was 2.029, p value was 0.074, close to but not reaching the significance level.

- Education level: F value is 0.931, p value is 0.446, there is no significant difference.

- Department: The f value is 0.634, and the p value is 0.639; there is no significant difference.

Hypothesis 2:

- Control environment: t value is 2.791, p-value is 0.006, there is a significant difference, accept the hypothesis.

- Control activities: t value is 4.508, the p-value is 0.000, there is a significant difference, and the assumption is accepted.

- Monitoring: The t value is 3.760, and the p value is 0.000. There is a significant difference; accept the hypothesis.

- Risk assessment: the T-value is 4.771, and the P-value is 0.000, with significant differences. The hypothesis is accepted.

Conclusion: Demographic factors do not significantly affect corporate performance in general, but all aspects of internal control, including control environment, control activities, monitoring, and risk assessment, have significant positive effects on corporate performance. The results support the hypothesis that internal control has an essential impact on firm performance.

Discussion

Demographic Factor

Demographic characteristics such as gender, marital status, age, and education level are often considered likely to influence employee attitudes and behaviors at work, affecting business performance. However, according to the results of this study's analysis, these demographic factors are not significant factors affecting the performance of the Yinfeng Group. This finding is consistent with Arnold, Bedford, Canada & Sutton (2022), who argue that gender and marital status should not affect job performance and career progression in modern businesses.

Internal Control

Internal controls play a key role in ensuring the accuracy of a company's financial reporting, complying with laws and regulations, improving operational efficiency, and promoting the company's continued development. COSO Framework (1992) points out that the five elements of internal control - control environment, risk assessment, control activities, information and communication, and supervision - together form the basis of an enterprise's internal control. The conclusions of this study are consistent with those of He (2011), who provided an in-depth analysis of the structure and rationality of internal control theory. Mueller and Lukas (2016) studied information disclosure in internal control reports. They pointed out that the disclosure of internal control deficiencies may have a negative impact on the judgment and decision of investment analysts.

Practical Implication

Based on the research findings, the following practical recommendations are proposed for YingFeng Group: Transition from a project-based structure to a strategic, process-oriented structure to enhance team members' sense of belonging and support career continuity, which is critical for talent retention and organizational growth. Implement a comprehensive risk assessment and management system to effectively identify, assess, and mitigate potential risks, thereby improving operational efficiency and decision-making quality. Develop an effective performance evaluation system to align employee goals with organizational objectives, enhancing overall performance management. Strengthen existing authorization and approval processes to ensure compliance with internal control standards, contributing to better financial management.

Establish ERP systems and enhance information communication channels to ensure timely and accurate information flow, which is essential for effective internal control. Create an independent internal audit function to provide an additional layer of oversight, maintaining the integrity and effectiveness of internal controls. These recommendations aim to guide YingFeng Group and similar organizations in enhancing corporate performance through improved internal control management.

Conclusion and Recommendation

Demographic factors

This study takes Yinfeng Group as a case to deeply analyze the influence of demographic factors on enterprises' internal control and performance. Based on the data in Table 3 and Table 6, the following is a comprehensive overview of the research conclusions: Gender: Males accounted for 62.56%, and females accounted for 37.44% in the sample. T-value is -0.566, and P-value is 0.572, indicating that gender is not a significant factor affecting company performance. Marital status: The sample included single (20.20%), married (25.62%), divorced (30.79%) and widowed (23.40%) employees with different marital status. F-value was 1.695, and P-value was 0.167, indicating that marital status did not significantly affect employees' perceptions of company performance. Age: The age distribution varies from under 20 to over 60, with the 20-30 age group accounting for the highest proportion at 23.65%. With an F-value of 2.029 and a P-value of 0.074, age did not significantly affect the perception of firm performance, although it was close to the significance level. Education level: The educational background of employees ranges from high school to a doctoral degree, and 21.92% of employees have a doctoral degree. F value is 0.931, p value is 0.446, and the diversity of education level does not significantly impact firm performance.

Department: The sample covers different company departments, including operations, credit risk compliance, marketing, human resources, audit, etc., among which the audit department has the highest proportion of employees, reaching 24.88%. F-value is 0.634, P-value is 0.639, and employees in different departments have no significant difference in their perception of company performance. By synthesizing the above data, this study concludes that although demographic factors bring diversity to employees' backgrounds, they do not significantly affect company performance. This suggests that when considering how to improve corporate performance, it may be necessary to pay more attention to other factors, such as internal control mechanisms, organizational culture, and management efficiency, rather than relying solely on the demographic characteristics of employees. Therefore, in future development, Yinfeng Group should continue to optimize the internal control system, strengthen risk management, and improve the performance evaluation mechanism, not only limited to the demographic factors of employees. Yinfeng Group can enhance corporate performance and achieve sustainable development through these measures.

Internal Control

This study takes Yinfeng Group as a case to analyze the impact of internal control on enterprise performance deeply. According to the data in Table 4.14, we can draw the following conclusions: Control Environment: has a significant positive effect ($t = 2.791$, $p = 0.006$), indicating that a positive organizational culture and values are critical to corporate performance. Control Activities: significantly improve enterprise performance ($t = 4.508$, $p = 0.000$), indicating that standardized control activities can effectively promote achieving enterprise objectives. Monitoring: Significant positive effect on firm performance ($t = 3.760$, $p = 0.000$), highlighting the role of continuous monitoring in ensuring the effectiveness of internal control. Risk Assessment: has a significant positive impact on enterprise performance ($t = 4.771$, $p = 0.000$), indicating the importance of systemic risk assessment in enterprise decision-making.

Based on the above findings, all aspects of internal control positively impact enterprise performance. The case of Yinfeng Group highlights the importance of establishing a sound internal control mechanism to improve the operating efficiency of enterprises, ensure the quality of financial information, and promote sustainable development. Therefore, this study suggests that enterprises should pay attention to constructing and optimizing internal control systems to achieve long-term competitive advantage and market success. In addition, Yinfeng Group should continue to pay attention to implementing and improving internal controls and corporate performance by strengthening the control environment, standardizing control activities, and strengthening monitoring and risk assessment. Through these measures, Yinfeng Group can improve its risk management capabilities and enhance external stakeholders' trust and satisfaction with the company.

Recommendation

Future research could be directed towards several key areas: Firstly, longitudinal studies are suggested to examine the evolution of internal control systems and their impact on organizational performance over time, providing insights into how changes in internal controls can influence long-term success. Secondly, conducting a comparative analysis of the internal control structures of various real estate companies can help identify best practices and industry standards, offering valuable benchmarks for improvement. Finally, with the rapid advancement of technology, integrating emerging technologies such as artificial intelligence and blockchain

into internal control systems could be a highly valuable research area, potentially revolutionizing how internal controls are implemented and managed.

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