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2024 International Conference on Business Economics, Education, Arts and Social Sciences (EASS 2024)

Effective Internal Control Towards Business Sustainability of a Selected Company in Shenzhen, China

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Abstract: In the vibrant and innovative landscape of Shenzhen, China, a certain company has achieved long-term sustainable business development through a series of efficient and rigorous internal control mechanisms, thereby setting a benchmark within the industry. As a pioneer of China's reform and opening-up, Shenzhen's business environment is marked by intense competition and rapid change, which imposes high demands on a company's adaptability and flexibility. The internal controls of this company not only address financial and operational risk management but also delve into the shaping of corporate culture and the fulfillment of social responsibilities. By constructing a comprehensive risk management system, optimizing internal processes, and enhancing information communication, the company has not only weathered market uncertainties but also progressively established a solid brand trust and market competitiveness. The effective implementation of internal controls has enabled the company to pursue economic benefits while achieving harmonious development in environmental, social, and governance (ESG) aspects, forming a unique sustainable business model. This model not only helps the company maintain a leading position in the rapidly changing market but also provides valuable experience and reference for other enterprises.

Keywords: internal control; business sustainability; Shenzhen; a company

Published: 11 November 2024



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1. Introduction

With the intensification of globalization and market competition, businesses are increasingly faced with uncertainties and risks. A company in Shenzhen, which has stood out in the high-tech industry, has successfully achieved sustainable business development by continually optimizing its internal control system. Internal control is not only a crucial component of corporate governance but also the bedrock ensuring the long-term stable operation of enterprises. This company's success story not only demonstrates the significant impact of internal control in enhancing operational efficiency and risk management but also reveals its profound influence in promoting environmental friendliness and corporate social responsibility. Through comprehensive oversight of its internal structure, policies, information communication, and ethical conduct standards, this company has not only earned market recognition but also established a stellar corporate reputation, positioning itself as a leader among its peers.

2. Theoretical Foundations

2.1. Internal Control Theory

Internal control theory serves as a crucial cornerstone of modern corporate governance, transcending mere sets of rules and procedures to become the linchpin that ensures a company's long-term stability and sustainable growth. For a particular company in Shenzhen, internal control encompasses financial, operational, and strategic domains, ensuring resilience and continuous expansion amid the complex and ever-changing market landscape. Internal control extends beyond the prevention of fraud and errors, fundamentally optimizing resource allocation, enhancing management efficiency, and securing the scientific rigor and practical feasibility of corporate decision-making. Within the framework of internal control, management can more clearly identify and assess potential risks, implementing effective measures to preempt and respond. This not only diminishes uncertainties and volatility but also augments the capacity to handle crisis situations, exemplified by the swift adjustments made by the company's internal control system during the pandemic, which stabilized the supply chain, thereby securing a competitive edge. Moreover, internal control fosters the cultivation of corporate culture, heightening employee accountability and sense of belonging, thereby nurturing a cohesive, high-functioning team. Emphasizing a systemic, multi-tiered management mechanism, internal control theory resonates through every stratum of the enterprise, from top executives to frontline staff, each playing a pivotal role. Adequate internal control not only aids in achieving short-term objectives but also lays a robust foundation for long-term corporate development. For the company in question, internal control is an organic fusion of theory with corporate culture and managerial practice, elevating internal management standards and garnering market acknowledgment and clientele trust. A well-constructed internal control system equips the enterprise to navigate opportunities and challenges with poise, averting managerial lapses that could impede sustainable business growth [1].

2.2. Business Sustainability Theory

In today's rapidly evolving market landscape, corporate sustainability has emerged as a central issue. A certain company in Shenzhen has profoundly grasped the significance of this theory, integrating it into their daily operations and strategic decision-making, thereby distinguishing themselves in the fiercely competitive market arena. Business sustainability is not merely about environmental conservation and social responsibility but rather a holistic management philosophy that demands businesses pursue economic benefits while concurrently considering environmental impacts and societal well-being. This company in Shenzhen has excelled remarkably in this regard, from instituting green production processes to engaging in community welfare activities, each facet reflecting a profound emphasis on sustainability. The company understands that only through environmental protection and social responsibility can they garner increased trust and support from customers. The crux of sustainability lies in whether a company can adapt to the ever-changing internal and external environments, maintaining their innovative capabilities and market competitiveness. Through the establishment of a flexible organizational structure and an efficient decision-making mechanism, this company swiftly responds to market shifts. Additionally, they place significant emphasis on technological research and development as well as talent acquisition, continuously elevating their innovative prowess. This forward-thinking managerial approach enables the company to remain poised and resolute in the face of various challenges. Furthermore, business sustainability underscores the harmonious development of economic, environmental, and social benefits. This Shenzhen-based company has executed this principle impeccably, optimizing internal management processes to enhance production efficiency, reduce costs, and improve profitability. Concurrently, they actively adopt environmentally-friendly technologies and materials to minimize adverse environmental impacts. On the societal front, the company bolsters communication and trust with stakeholders through transparent reporting and

information disclosure, fostering an exemplary corporate image. The theory of business sustainability provides enterprises with a comprehensive and long-term perspective, enabling more scientific and rational decision-making amidst complex and dynamic market environments.

3. Practical Application of Internal Control in Business Sustainability

3.1. Application of Internal Control in Organizational Structure

The application of internal control within the organizational structure stands as a pivotal pillar in achieving business sustainability for an enterprise. A well-conceived organizational architecture not only elevates the efficiency of internal management but also lays a robust foundation for the enduring stability and development of business operations. The organizational structure is not merely a simplistic division of departments and positions; rather, it resembles a finely-tuned machine, where each component plays an indispensable role, ensuring the seamless operation of the entire enterprise. Within this company, the embodiment of internal control within the organizational structure first manifests in the clear delineation of authority and responsibilities. From top-level management to middle-tier executors and frontline employees, each individual possesses a distinct and unambiguous sphere of duties, thereby averting overlapping responsibilities or the tendency to pass the buck. Such a design not only enhances work efficiency but also ensures that each level contributes to the enterprise's overarching objectives. Managers can focus more intently on strategic decision-making, while the execution layer is tasked with implementing these strategies, and grassroots employees can leverage their specialized capabilities in specific operations. This hierarchical yet clearly demarcated structure minimizes managerial chaos and internal frictions, fostering a more efficient operational environment [2]. Additionally, the company places significant emphasis on the benefits of flat management. Despite the clear hierarchical divisions, the company encourages cross-departmental communication and collaboration in practice. This approach dismantles the information silos typically associated with traditional vertical management, allowing for smoother information flow and swifter decision-making. For instance, when market conditions shift, frontline employees can promptly relay information to management, enabling rapid response and strategic adjustments. This flexible organizational design equips the enterprise with the agility to react to external environmental changes swiftly, without being hamstrung by excessive hierarchies. Notably, the integration of internal control within the organizational structure also manifests in the embedding of risk management mechanisms. The company has established a dedicated risk control department, seamlessly integrated into each business unit, ensuring that every department can promptly identify and address potential risks in their operations. This all-encompassing risk management model substantially enhances the enterprise's risk resilience, particularly in navigating market uncertainties with composure.

3.2. Application of Internal Control in Policies and Procedures

For all companies, policies and procedures are not just rules and regulations written on paper, but are integrated into the daily work of each employee as a habit and culture. The company should pay great attention to the standardization and normalization of processes. From purchasing to production, from sales to after-sales service, there are clear operating procedures and standards for each step. This kind of detailed regulations avoids arbitrariness and blindness in the work, so that every employee knows what they should do and how to do it. For example, in the procurement process, the company has developed a strict supplier screening process to ensure the quality of raw materials and the stability of supply. In the production process, the standardized operation procedure not only improves the production efficiency, but also reduces the product defect rate and enhances customer satisfaction. In addition, the company places special emphasis on policy flexi-

bility. Under the premise of ensuring process standardization, employees are given a certain degree of autonomy and encouraged to make adjustments and optimizations according to the specific situation in actual operation. This flexible application of policies allows the company to respond and adjust its strategies quickly when facing market changes. For example, when the market demand changes, the sales department can flexibly adjust the sales strategy and promotional activities according to the actual situation, without having to report to the layers waiting for approval.

3.3. Application of Internal Control in Information and Communication

In an era marked by an explosion of information, the efficient dissemination of information and transparent communication mechanisms not only enhance the decision-making efficiency of enterprises but also strengthen internal cohesion and external credibility. Companies should place particular emphasis on the timeliness and accuracy of information. Whether it pertains to market dynamics, customer feedback, or internal operational data, enterprises must establish a comprehensive system for collection, analysis, and transmission. Senior management should have immediate access to key information, enabling more informed decision-making. Employees, in turn, can obtain essential information promptly, ensuring the smooth progress of their tasks. For instance, companies utilize advanced information systems to collect sales data in real-time, aiding the marketing department in swiftly adjusting strategies and seizing market opportunities. More crucially, companies foster an open and transparent communication culture. Whether in formal meetings or daily interactions, employees are encouraged to express their thoughts and suggestions freely. This open atmosphere facilitates the timely exposure and resolution of issues, thereby mitigating risks associated with information asymmetry. Management also engages in regular communication with employees to understand their needs and pain points, optimizing workflow processes. For example, the technology department frequently communicates with the production department to comprehend the actual requirements of the production line, thereby refining technical solutions and enhancing production efficiency. The effective application of internal controls in information and communication not only promotes internal collaboration within enterprises but also strengthens connections with external stakeholders such as clients and suppliers [3].

4. Specific Measures to Enhance Business Sustainability

4.1. Establishment and Implementation of Ethical Codes of Conduct

The Code of Ethical Conduct is not just a piece of paper on the wall, but a cornerstone of daily operations, which is essential for the sustainability of the business. The company understands that a lack of ethics not only affects the company's reputation, but can also shake the foundations of its long-term growth. The company began by developing a detailed ethical behavior manual that covers everything from anti-corruption policies to environmental protection. The manual not only provides employees with behavioral guidelines, but also makes them easier to understand and accept through case studies and interactive questions and answers. Every new employee receives ethics training on their first day of employment, ensuring that they understand and agree with the company's ethical standards from the outset. The practice of ethical behavior is not only the responsibility of employees, but also of management. The company conducts regular ethical audits of management to check whether they are following the ethical guidelines in their day-to-day decision-making. This top-down monitoring mechanism ensures that ethical behavior is implemented throughout the organization. In addition, the company has established an anonymous reporting platform to encourage employees to speak up when they discover unethical behavior. This protection mechanism eliminates the fear of retaliation and allows issues to be brought to light and dealt with in a timely manner. The establishment of the reporting platform is not only a sign of the company's zero-tolerance attitude towards ethical issues, but also a reflection of the importance it places on the trust of its employees.

In the corporate culture, the company promotes the concept of “ethical priority”, which is constantly reinforced through internal communications, employee recognition and reward mechanisms. Every practice of ethical behavior is a reaffirmation of corporate values and a powerful impetus to business sustainability. Through these meticulous measures, a company in Shenzhen has not only improved the practice of ethical behavior, but also invisibly strengthened the sense of belonging and loyalty of employees, laying a solid foundation for the long-term development of the company.

4.2. *Strategies for Stakeholder Engagement*

Stakeholder engagement stands as a crucial pillar of business sustainability, and the company acknowledges that long-term success and stability can only be ensured by integrating the needs and visions of employees, customers, suppliers, and the community into the daily operations of the enterprise. The company achieves this through regular stakeholder forums, which create an open platform for dialogue. These forums are not restricted to top-level management; they invite representatives from all tiers to ensure every voice is heard. The agenda of these forums covers a broad spectrum, from enhancing product quality to implementing environmental measures, with each suggestion receiving serious consideration and tracking. This face-to-face communication not only enhances transparency but also deepens mutual understanding and trust. To ensure the continuity and breadth of feedback, the company has also introduced an online feedback system. This system allows stakeholders to submit their opinions and recommendations at any time, from any location. Designed with privacy protection in mind, the system enables even sensitive topics to be discussed securely and anonymously. This 24/7 communication channel significantly improves the timeliness and authenticity of feedback, enabling the company to respond swiftly to market shifts and societal demands. Additionally, the company has established a stakeholder representation mechanism. These representatives not only participate in the decision-making process but also wield real decision-making authority. This mechanism ensures that stakeholder views can directly influence company policies and strategies. Their involvement not only enhances the democratic and scientific nature of decision-making but also aligns the company's actions with actual needs and societal expectations. Within this multi-stakeholder framework, the company not only enhances business sustainability but also fosters a more harmonious and trusting environment [4].

4.3. *Establishment of an Environmental Management System*

In a certain company in Shenzhen, the establishment of an environmental management system is not merely a compliance requirement with regulations and standards, but a pledge to the future and a commitment to societal responsibility. The company steadfastly believes that green development is the cornerstone of corporate sustainability and an imperative for harmonious coexistence with nature. A comprehensive environmental management framework has been constructed, meticulously planning and rigorously monitoring each step, from the optimization of resource utilization to the reduction of waste. This framework encompasses not only conventional measures such as energy efficiency and emission reduction, employing high-efficiency equipment and technologies, but also the introduction of innovative, environmentally friendly products and services, aiming to diminish the environmental footprint across the entire supply chain. To ensure the efficacy of these measures, the company conducts regular environmental audits and assessments. These audits are not mere paper-based compliance checks, but thorough examinations in actual practice. This approach allows the company to promptly identify and address potential environmental issues, ensuring that every operation meets the highest environmental standards. Employee training and engagement are integral components of the environmental management system. The company regularly organizes environmental protection-themed training and activities, encouraging employees to adopt eco-friendly

practices in their daily work. Through this initiative, environmental stewardship transitions from a task to a culture and habit. The active participation and innovation of employees continuously advance and refine the company's environmental efforts. Additionally, the company actively collaborates with communities and environmental organizations to jointly promote regional environmental protection and sustainable development. By sharing experiences and resources, the company and its external partners collectively explore green solutions, contributing to society.

4.4. Improvement of Reporting and Disclosure

Transparency is not merely an expression of respect towards stakeholders; it is a manifestation of corporate social responsibility and a cornerstone for building long-term trust. The company initiated a comprehensive review of the content of the report, expanding beyond traditional financial data to encompass multifaceted information on environment, social, and governance (ESG) dimensions. This holistic disclosure not only complies with regulatory requirements but also more accurately reflects the overall value and contributions of the enterprise. The format and structure of the report have been optimized to present information in a more intuitive and accessible manner, enabling even non-professionals to easily obtain critical data. To enhance the credibility of the report, the company has incorporated a third-party auditing mechanism to independently verify key data and information. This approach not only elevates the authority of the report but also ensures its objectivity and fairness. The enhancement of transparency has fostered a higher level of trust among stakeholders, an invaluable asset for the enduring development of the company. Following the release of the report, the company established a dedicated feedback channel, encouraging stakeholders to offer opinions and suggestions on the report's content. This interaction not only facilitates continuous improvement in report quality but also renders the reporting process more open and democratic. Through this method, the company can more accurately understand the needs and expectations of stakeholders, providing robust support for future strategic planning. Additionally, the company has leveraged digital technology to create an online reporting platform, making the acquisition and updating of information more convenient. This timely feedback mechanism allows stakeholders to stay abreast of the company's latest developments, enhancing the report's real-time nature and interactivity [5].

4.5. Implementation of Life Cycle Assessment

In the pursuit of business sustainability, a certain company in Shenzhen has identified Life Cycle Assessment (LCA) as a pivotal initiative. This is not merely an exhaustive examination of products and services but a profound introspection of the company's overall operational model, aimed at optimizing resources and promoting environmental friendliness from the inception to the end of each stage. The company has initially incorporated the LCA concept into the product design and development phase, conducting meticulous analysis of the entire lifecycle from raw material procurement, production processes, use stages, to final disposal, thereby identifying potential environmental impacts at each phase. Leveraging this assessment, the company can precisely pinpoint and optimize the most environmentally impactful segments, driving technological innovation and process improvements. To ensure the efficacy of LCA implementation, the company has established a dedicated Life Cycle Management team within to coordinate and oversee LCA efforts across various departments. This team, equipped with extensive environmental science knowledge and cross-departmental coordination skills, ensures that LCA transcends its technical application to become an integral part of the company culture. Additionally, the company collaborates with multiple external research institutions and universities to conduct cutting-edge life cycle research, ensuring the scientific rigor and advancement of LCA methodologies. This synergy not only enhances the company's tech-

nical prowess but also garners broader recognition and support for its environmental endeavors. In daily operations, the company encourages employee participation in the life cycle assessment process through training and education, enabling every employee to understand and engage in this critical endeavor. Employee involvement not only elevates the efficiency of LCA execution but also embeds environmental principles deeply into the company culture. Through these meticulous and comprehensive measures, the company in Shenzhen has not only systematized the implementation of Life Cycle Assessment but also charted a green, sustainable development path through practical exploration. This forward-looking management approach not only safeguards the company's long-term development but also contributes to the harmonious coexistence of society and the environment.

5. Conclusion

A certain company in Shenzhen has successfully achieved sustainable business development through the effective implementation of internal controls, demonstrating the enterprise's capability for continuous innovation and advancement within complex market environments. Internal controls have not only provided a robust financial and operational safeguard but have also set exemplary standards in cultural and social responsibility dimensions. The success of the enterprise is not merely a rise in economic indicators; rather, it is the ability to maintain strategic resilience in a dynamic environment, constantly innovate, and achieve long-term social value. The refinement of internal controls has not only elevated the efficiency of internal management but has also aided in constructing a powerful brand image, garnering trust and support from customers. In the future, more enterprises will benefit from this model, achieving their own sustainable development and contributing to the societal progress and prosperity.

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