

Enterprise value, growth, and internal control quality: A framework for enterprise development

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Abstract

With the increasingly mature development of modern enterprise systems, the importance of enterprises as the main members of the market for economic and social development is beyond doubt. Internal control is an important part of modern enterprise internal management. It reduces risks for the operation of enterprises, effectively reducing operating costs and expenses, and is a guarantee strategy for long-term development and comprehensive management of enterprises. For the growth and development of enterprises, they should combine their own actual situation, comprehensively analyze the existing situation of the enterprise, strengthen internal management of the enterprise, and continuously improve the internal control management of the enterprise. Doing a good job in internal control management can promote the effective development of various business activities, minimize various risks faced by enterprises, and improve their comprehensive competitiveness and market value. The purpose of this study is to determine the impact of internal control quality of companies on enterprise value and determine the impact of internal control quality on enterprise growth. Specifically, determine the enterprise value in terms of company product positioning, market product and monitoring; assess the internal control quality in terms of control environment, risk assessment, control activities, information and communication, production and marketing capacity; evaluate the enterprise growth in terms of acquisition of legitimacy, opportunity ability, resource capacity; test the causality and important relationship between internal control quality and enterprise value; test the significant relationship between internal control quality and enterprise growth. Finally, this study summarized a framework for enterprise development based on enterprise value, internal control, and enterprise growth. This study revealed that, from the analysis of internal control quality and enterprise value, improving the quality of internal control in enterprises has a positive promoting effect on the growth of enterprise value; From the analysis of the quality of internal control and the growth of enterprises, it can be seen that enterprises focus on internal control and strengthen internal control activities and processes in five aspects, which can promote the achievement of strategic goals and promote enterprise growth. By exerting the maximum value and role of internal control, it is meaningful for enterprises to achieve long-term, sustainable, and high-quality development.

Keywords: enterprise value, internal control quality, enterprise development

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1. Introduction

Since the beginning of the 21st century, the status of enterprise internal control has been raised to an unprecedented level by the regulatory authorities. This is closely related to the fact that effective internal control can reasonably ensure the legality and compliance of business management, asset safety, authenticity and integrity of financial reports and related information, improve business efficiency and effectiveness, and promote the realization of enterprise development strategies. Affected by that, the quality of the enterprise's internal control has increasingly attracted extensive public attention (Dhar et al., 2022).

Since 2006, the relevant departments of China have begun to attach importance to the institutional construction of internal control of listed companies, and the national government departments have issued a series of policies. On June 28, 2008, the five ministries and commissions jointly promulgated the Basic Norms for Enterprise Internal Control. This basic standard, like the Sarbanes Oxley Act, compels listed companies to disclose annual internal control self-evaluation reports. And based on conditions, the listing formula should hire an accounting firm to audit its internal control status and publish the internal control audit report issued by the accounting firm after the audit. In April 2010, the relevant departments issued the Supporting Guidelines for Enterprise Internal Control. The above two normative documents put forward requirements for the internal control of the listed company, aiming to achieve the relevant internal control objectives by promoting the establishment, improvement, and effective implementation of internal control of the listed company. China now has a relatively complete framework for the construction, evaluation, and audit of internal control (Su, et al., 2022).

The company's growth is an important indicator to measure the company's operating status and development ability in a certain period. If the company's growth is poor, it will face the risk of income reduction and development stagnation and will also reduce its solvency. At present, when scholars study the impact of internal control quality on the enterprise economy, most of them only consider the impact on the short-term economic benefits of the enterprise, but not the impact on the long-term performance and growth of the enterprise. Since the impact of internal control quality on the enterprise has a certain lag, it is worth discussing whether it is beneficial to the company's growth in the company's management practice and its impact on the long-term development of the enterprise.

Enterprise value is a concept accompanying the property market in the early 1960s. It is generally believed by the business community in western countries that enterprise value will be the common language of enterprises in the 21st century. When we put value into the field of internal control, what we are most concerned about is how to look at the relationship between value management and internal control, and how to maximize the value added of enterprises through internal control. The emergence and development of internal control is closely related to the entrusted economic responsibility relationship and the institutionalized corporate governance structure, as well as the enterprise value chain and value management activities.

The development of an enterprise cannot be separated from a reasonable and effective internal control system. Many enterprises have seen the important role of internal control and started to build a perfect internal control system in order to strengthen the management's control over the development of the enterprise and create greater value for the enterprise. When combining internal control with enterprise value, we focus on how to maximize enterprise value through internal control (McShane, et al., 2011). The process of enterprise's own development is also the process of continuous pursuit of value. Every enterprise is committed to realizing the maximization of its own value. If an enterprise wants to improve its value, it must strengthen the management of

its daily business activities and risk control, and form a good control environment, implement the concept of strengthening control in the actions of every employee, and make contributions to the enterprise's goals (Chen, et al., 2023)

Objectives of the Study - This study determines the impact of internal control quality of companies on enterprise value and determine the impact of internal control quality on enterprise growth. Specifically, determined enterprise value from aspects such as company product positioning, market products, and monitoring, evaluated the quality of internal control from aspects such as control environment, risk assessment, control activities, information communication, production and marketing capabilities, evaluated the growth of enterprises from the perspectives of legitimacy, opportunity ability, resource ability, examined the causal and important relationship between internal control quality and corporate value, as well as examine the significant relationship between three variables between internal control quality and corporate growth and developed framework for enterprise development.

2. Methods

Research Design - This study adopts a descriptive research design to explain the research results comprehensively and accurately. Descriptive research uses methods such as observation, investigation, and interviews to collect data, discover situations, provide information, objectively record educational phenomena, problems, and facts, truthfully describe the main patterns and characteristics of a phenomenon, and conduct research. The data collection mainly adopts the method of conducting questionnaire surveys on the survey subjects. After data collection and organization, statistical methods are used to process and calculate the data, and various analysis results are obtained. Finally, based on the sample data of the study, the conclusion is extrapolated to the overall situation.

This study adopts relevant research designs to examine enterprise value (company product positioning, market products, monitoring), internal control (control environment, risk assessment, control activities, information communication, production and marketing capabilities), and enterprise growth (legitimacy acquisition, opportunity capability, resource capability). Using descriptive research methods, explore the relationship between the above variables. In terms of research content, the first step is to express the theoretical foundation and define relevant variables. Next is data collection, including designing, distributing, and collecting questionnaires, and testing the effectiveness of the data. Finally, analyze the data, including descriptive analysis, correlation analysis, and regression analysis.

Participants of the Study - As this study is about the relationship between corporate value, internal control, and corporate growth. The interviewees are mainly middle and senior management personnel of the enterprise. Because middle and senior managers of enterprises have a better understanding of the design and operation of their internal control system, enterprise value, and development status, their relatively objective analysis of the enterprise makes our research data more convincing. To ensure the effectiveness of the question, we have chosen existing domestic scales as a reference. Based on the pretest results and combined with the proposed improvement suggestions, the content and format of the questionnaire have been adjusted to form the final scale we need. Finally, we found that the difference between the new scale and the original scale was not very significant.

In order to ensure the rigor of the questionnaire and analysis design in this study, as well as the representativeness of the survey samples, the main interviewees of this study are Chinese business managers. For the collected questionnaire data, there were 321 valid respondents. The geographical distribution of the samples in this study is mainly in Guangdong Province, Jiangsu Province, Zhejiang Province, Beijing City, Shanghai City, Anhui Province, and Henan Province. The Rao soft sample size calculator was used to determine the sample size of 321 respondents, using a 95% confidence level and a 5% error margin. The researchers used convenient sampling in questionnaire management. All respondents are company employees. In terms of age, the number of

people aged 35 to 45 is higher (39.25%), while the number of people under 25 years old is the lowest (4.36%). In terms of gender, 55.76% of the respondents are male and 44.24% are female. Cheng Fang's research can also indicate that there is a higher number of males in corporate management.

In terms of work experience, the number of people who have worked for over 10 years is the highest (39.25%), the number of people who have worked for 5-10 years is the highest (34.58%), and the number of people who have worked for less than 3 years is the lowest (3.43%). In terms of positions, middle managers (49.84%) and Junior managers (42.68%) have the highest number of employees. Based on work experience and position, it is indicated that the respondents to this questionnaire are mainly middle managers and junior managers aged 25 to 45 in the company. From the perspective of studying the internal control and growth of a company, middle and senior managers have a better understanding of the management and operation of the company they belong to and possess more information. Therefore, the basic information of the respondents indicates that this questionnaire has a certain degree of pertinence and effectiveness.

Data Gathering Instrument - The questionnaire used in this study consists of four parts. The first part is an overview of the respondents, which provides descriptive statistics on their age, years of service, and job positions. The second part is about enterprise value. Including three dimensions of company product positioning, market products, supervision and improvement, a total of 18 items. The third part of the questionnaire is about internal control quality. In measuring the quality of internal control, the main reference to the problem is the five elements of internal control. It mainly includes five dimensions: control environment, risk assessment, control activities, information and communication, production, and marketing capabilities, totaling 30 items. The fourth part of the questionnaire is about enterprise growth. Based on the concept of enterprise growth, this study considers 18 variables of enterprise growth from three dimensions: acquisition legitimacy, opportunity capability, and resource capacity.

Among the above variables, the measurement of enterprise value, internal control, and enterprise growth are all based on the Likert scale. The scale is a tool to measure people's subjective attitudes. It is composed of a group of questions, which have internal logical links. Through the respondents' answers to this series of questions, we can judge the respondents' certain tendentious, intrinsic subjective evaluation and behavioral tendencies towards social phenomenon. A scale is a commonly used measurement method when people conduct social surveys. By selecting representative variables related to the research content and covering multiple issues, it is ensured that all measurement items in these scales can have a high level of reliability and effectiveness. This study adopts empirical research methods and collects the required data through questionnaire surveys. In the Likert scale, numbers 1-4 indicate the consistency between the respondents' attitudes and the characteristics of the question items. That is, the larger the number, the higher the consistency between the respondents' opinions and the content of the question. Namely, "1" indicates strong disagreement, "2" indicates disagreement, "3" indicates agreement, and "4" indicates strong agreement. Based on the actual situation, this study designed the sentences of the scale in order to help the surveyed subjects better understand the main content and questioning methods of the scale. After expert modification and verification, a pretest of 20 sample sizes was conducted on the questionnaire, and the results were subjected to reliability testing. The reliability and effectiveness analysis results are shown in Table.

As shown in Table 2, the pre-test of the questionnaire showed that all variables were valid, and the Cronbach Alpha value of all variables met the required requirement of 0.7 or higher. The measurement results showed good, acceptable, and very good. This indicates that the scale has good reliability. The scale of enterprise value is used to measure three aspects related to it: company product positioning, which refers to the positioning and design of a company's products or services in the market; Market product refers to the degree of competition in the market where the company is located, the competitive advantages and disadvantages of the company's products in the market, etc; Monitoring refers to the monitoring and evaluation system status of the company. Reliability testing shows that the internal consistency of the above three dimensions is sufficient, Cronbach α The values are 0.902 (Excellent), 0.88 (Good), and 0.822 (Good), respectively.

Internal Control Quality is evaluated by designing a scale based on the five elements of internal control, which considers five dimensions: control environment, risk assessment, control activities, information and communication, production and marketing capacity. Among them, control environment refers to the company's organizational structure, corporate culture, and the control, operation, and management of the board of directors. Risk assessment refers to the establishment and operation of a company's risk identification methodology system and comprehensive risk management framework. Control activities consider whether the company has a relatively complete process management and control system, and whether it strictly implements existing systems and processes. Information and communication considers whether the company has established various channels for information communication. Production and marketing capacity refers to the status, sales capacity, and sales channels of a company's production products. According to researchers' reliability testing, five dimensions (Cronbach α The internal consistency of value is sufficient, namely: 0.815 (Good), 0.835 (Good), 0.88 (Good), 0.869 (Good), and 0.866 (Good).

The Enterprise Growth Scale is used to measure three related aspects: Acquisition of Legitimacy, which considers whether a company can receive acceptance and support from the government, society, and relevant parties. Opportunity ability measures whether the company can continue to obtain development opportunities in the future, such as being able to effectively predict the market prospects. Resource capacity considers whether a company can effectively allocate and manage resources. According to researchers' reliability testing, three dimensions (Cronbach α The internal consistency of value is sufficient, namely 0.779 (Acceptable), 0.944 (Excellent), and 0.869 (Good).

Data Gathering Procedure - The distribution method of the questionnaire is mainly online, and the survey is conducted in the form of electronic questionnaires, which can cross company and geographical limitations. Distribute and collect questionnaires through the online platform "Questionnaire Star". The sample (Chinese enterprise managers) covers Chinese enterprises, with a geographical distribution mainly in Guangdong Province, Jiangsu Province, Zhejiang Province, Beijing City, Shanghai City, Anhui Province, and Henan Province. This ensures the universal applicability of the sample data and research results. Due to the fact that the questionnaire involves aspects such as corporate value, internal control, and corporate growth, in order to ensure that the research subjects are familiar with and understand these aspects, and to ensure the objectivity and accuracy of the questionnaire answers, the research subjects of this study are mainly middle and senior managers working in enterprises. When collecting data, the researchers sent a request letter to the management of the enterprise, requesting that they be able to participate in the research work. All information collected is kept confidential. After approval, the study began distributing questionnaires to the respondents.

Ethical Considerations - Research conforms to academic ethics, and the research process and data acquisition process are transparent and fair. The questionnaire used was developed by researchers based on existing academic frameworks, academic works, and research. The questionnaire used is for academic research, and the researcher guarantees that the data provided by the respondents is confidential. The interviewee has been approved by the organization. The questionnaire is set to answer anonymously to ensure that the data is not interfered with by any external forces, enabling respondents to complete the survey questionnaire more objectively and fairly, ensuring the quality of the data and ensuring the safety of the respondents.

Data Analysis - In this study, firstly, the collected data was sorted and selected to meet the identity requirements of the respondents. Secondly, SPSS25.0 software was used to describe and statistically analyze the collected data. Firstly, describe and statistically analyze the data of each item in the Enterprise Value Scale, Internal Control Scale, and Enterprise Growth Scale. Descriptive statistical analysis mainly includes descriptive statistics on each variable and dimension, including the mean and standard deviation of each variable and dimension, involving the second part (enterprise value), third part (internal control), and fourth part (enterprise growth) of the questionnaire. The second is to analyze the basic characteristics of variables, explain the impact of corporate value and internal control on corporate growth, and explore the distribution characteristics of overall data. Among them, descriptive statistics include the frequency distribution of data and the weighted average of

variable scores, thus quantitatively obtaining an overview of relevant variables.

3. Results and Discussion

Table 1

Enterprise Value

Key Result Areas	Composite Mean	VI	Rank
Company Product Positioning	3.06	Agree	3
Market Product	3.11	Agree	2
Monitoring	3.14	Agree	1
Grand Composite Mean	3.10	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

In summary, as shown in Table 6, in these three dimensions, respondents believe that effective monitoring and evaluation are necessary in the company. The composite average of this dimension is 3.14. By understanding the company's operational performance, conducting monitoring and self-assessment of operational status, internal control systems, and other aspects, the company can take necessary actions to improve its efficiency, productivity, and overall financial performance based on the evaluation results, which will have a positive impact on its value. It also helps management identify opportunities for improvement, effectively allocate resources, make strategic investments, and optimize operational processes. Data driven decision-making based on operational monitoring can improve operational efficiency and profitability. Arena, et al., (2011), respectively discussed the relationship between internal control and operational risk, risk control, and credit risk, and pointed out that the quality of internal control has a significant impact on enterprise risk control. Deng Xidong (2017) also mentioned that improving the internal control system, implementing internal control implementation, strengthening internal control supervision, and improving the effectiveness of internal control can make the internal control system play a greater role in promoting enterprise value appreciation.

Table 2

Internal Control Quality

Key Result Areas	Composite Mean	VI	Rank
Control Environment	3.17	Agree	2
Risk Assessment	3.09	Agree	3
Control Activities	3.14	Agree	1
Information and Communication	3.08	Agree	4.5
Production And Marketing Capacity	3.08	Agree	4.5
Grand Composite Mean	3.11	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

In summary, as shown among these five dimensions, respondents believe that reasonable and effective control activities are the most recognized within the company. The composite average of this dimension is 3.14. Control activities are policies, procedures, and practices developed to reduce risks and achieve organizational goals. Control activities include a series of activities, such as approval, separation of responsibilities, reconciliation, physical support, and IT control. The impact of control activities on internal control is direct and significant. Effective control activities provide reasonable assurance that the company's policies and procedures are followed, assets are protected, and financial reports are accurate and reliable.

The control environment sets the tone for internal control within the organization. It includes the overall attitude, awareness, and actions of management and employees towards control. A strong control environment fosters a culture of ethical behavior, responsibility, and compliance throughout the company. It affects employee behavior, commitment to internal control, and adherence to established policies and procedures. The internal control environment plays an important role in the development of a company, and both company leaders and employees should pay attention to the significant impact of the internal control environment. (Sadiq, et al., 2022) believes that in order for enterprises to achieve their survival and development goals, they must effectively prevent and control various risks. Internal control, as the central link of enterprise management, is an effective

means of preventing enterprise risks, and the internal control environment is its foundation.

Risk assessment includes identifying, analyzing, and evaluating risks that may affect the achievement of goals. The impact of risk assessment on internal control is twofold. The internal control system is centered around risk assessment, which includes risk identification, risk assessment, risk prevention, and risk control. Risk assessment is the key to the entire internal control system. (Al-Tae, et al. 2023) believe that firstly, it helps to identify appropriate control activities required to mitigate identified risks. Secondly, it ensures the design and implementation of control measures to address identified specific risks and reduce the likelihood and impact of potential threats to company operations, assets, and financial reporting. Therefore, only by conducting a solid risk assessment can we prepare and pave the way for addressing, preventing, and controlling risks, and lay the foundation for the smooth implementation of internal control work.

Information and communication play a crucial role in internal control. Timely and accurate information enables effective decision-making, while communication ensures that relevant information flows throughout the organization. Clear communication of control responsibilities and objectives helps employees understand their role in the internal control system. The role of information communication in the internal control structure of the knowledge economy environment is becoming increasingly prominent. Habibi, et al. (2023) believe that establishing a unified, efficient, and open information communication system is the platform for all other control operations and should become the top priority of internal control in enterprises. Only in this way can internal control gradually improve and continuously adapt to the requirements of the new environment for internal control in enterprises. (Wiener, et al., (2023) believes that companies use information as a standard and guideline to guide and control employee behavior. Using the influence of information to guide employees' behavior, making it in line with the direction of enterprise development and the overall interests of the enterprise.

Production and marketing capabilities indirectly affect internal control by influencing the organization's operational and financial performance. If production and marketing capabilities are not adequately planned and managed, it may lead to low operational efficiency, product/service quality issues, financial constraints, or inability to meet customer needs. These factors may introduce risks related to financial reporting accuracy, asset misappropriation, compliance violations, or failure to achieve goals, thereby affecting internal control. Napitupulu, (2023) believes that effective internal controls need to be designed and implemented to address specific risks arising from production and marketing activities. Strengthening internal control in the procurement process is a key link in reducing operating costs and improving enterprise efficiency, as well as an important way to enhance competitiveness. The internal control system is of great significance for the survival and development of enterprises.

In general, these five aspects together determine the effectiveness of the company's internal control system. A sound control environment, thorough risk assessment, carefully designed control activities, efficient information and communication processes, and effective management of production and marketing capabilities help to enhance the strength and reliability of internal controls, thereby protecting organizational assets, ensuring compliance, and promoting the achievement of goals.

Table 3

Enterprise Growth

Key Result Areas	Composite Mean	VI	Rank
Acquisition of Legitimacy	3.04	Agree	3
Opportunity Ability	3.16	Agree	1
Resource Capacity	3.12	Agree	2
Grand Composite Mean	3.11	Agree	

Legend: 3.50-4.00=Strongly Agree; 2.50-3.49=Agree; 1.50-2.49=Disagree; 1.00-1.49=Strongly Disagree

In summary, among the three dimensions of enterprise growth, respondents are the most recognized for the opportunities faced by the company, whether they can seize and utilize them. The composite average of this dimension is 3.16. Opportunity capability refers to a company's ability to identify, evaluate, and seize market

opportunities. Firstly, companies with strong opportunity capabilities can expand their market. They are often good at identifying emerging trends, customer needs, and market gaps. This enables them to expand their product/service range, enter new segmented markets, and leverage untapped growth opportunities. The second is to identify and seize opportunities before competitors to provide a competitive advantage. Companies with excellent opportunity capabilities can differentiate themselves, attract more customers, and gain market share, thereby achieving sustained growth and development. The third is innovation and adaptability. Opportunity ability encourages innovation and adaptive culture within the company. Responding to market opportunities requires the ability to develop and introduce new products, services, or business models. This continuous innovation drives growth and development by being ahead of market demand and constantly changing customer preferences. The research results of Hao Shengbin et al. (2021) indicate that both opportunity orientation and innovation orientation have a significant positive impact on the growth performance of new startups.

Resource capability refers to the availability and ability of a company to effectively allocate resources to support growth and development. Adequate resource capabilities enable the company to invest in research and development, marketing, talent acquisition, technology, and infrastructure required for growth plans. Resource capacity is crucial for expanding business to meet growing demands. It allows companies to expand production capacity, hire more employees, establish new locations, or invest in technology and automation. Resource capabilities can attract strategic partners who can provide additional resources, expertise, or market access.

Adequate resource capabilities also enable companies to withstand unexpected challenges and risks, such as market fluctuations, supply chain disruptions, or regulatory changes. Chowdhury, (2023): The normal development and growth of enterprises should possess a broad concept of ability, the ability to coordinate enterprise actions using the same values, and the ability to effectively integrate resources, especially the ability to effectively integrate resources, which is an important condition for enterprise growth. One of the key factors for a company's success is whether entrepreneurs can better evaluate the potential value of external resources and use them for themselves compared to other companies when selecting external resources. This not only requires identifying which resources are useful, but also distinguishing which resources (such as poor quality and unprofessional professional managers) are hindering the company's rent creation (Arianpoor, 2023). (Grande, et al., 2023) believes that entrepreneurs combine various tangible and intangible resources in a specific way through long-term resource interaction. When this combination precipitates into organizational practices that are difficult for other enterprises to imitate and still shows a certain degree of flexibility in the face of environmental changes, the competitiveness of the enterprise is formed.

Obtaining legitimacy refers to the ability of a company to establish credibility, trust, and positive reputation in its business environment. The composite average of this dimension is 3.04. Companies that gain legitimacy are more likely to gain customer trust and loyalty. Customers are more willing to engage and purchase from companies they consider legitimate, which can increase sales, duplicate business, and positive word-of-mouth recommendations. Legitimate companies are more likely to comply with laws, regulations, and industry standards. This compliance enhances the company's reputation and reduces the risk of legal and regulatory issues that may hinder growth. Legitimate companies are usually more attractive to potential customers, partners, and distributors. This opens up opportunities for exploring new markets, reaching a wider audience, and expanding customer base. Institutional and external factors.

In recent years, research on organizational legitimacy has developed rapidly and received widespread attention from the academic community. Bell et al. (2014) pointed out that corporate growth relies on legitimacy recognition, and corporate governance is not only a focus on market efficiency, but also a product of adopting legitimacy that is suitable for governance practices. Chen Guomin (2011) believes that governments at all levels should establish a system of basic services, consulting services, and information services through policies, legislation, services, coordination, and other measures: integrate resources, adjust credit management strategies, create more financing opportunities for new startups, and create an external environment for rapid growth of the enterprise. Starting from the relationship between organizational legitimacy and corporate growth, (Manning, et

al., 2023) found that the results of data testing were significantly positive at the 1% level, indicating that organizational legitimacy indeed promotes corporate growth, and the improvement of organizational legitimacy can promote higher growth for enterprises.

Relationship Between Enterprise Value and Internal Control Quality - As shown in the calculated rho values range from 0.194 to 0.366, indicating a direct relationship between the sub variables of enterprise value and internal control quality. The p-value obtained is less than 0.01, indicating a statistically significant relationship between enterprise value and internal control quality. This means that the enterprise value represents the overall value of a company. The higher the value, the greater the impact on the quality of its internal control. The lower the value, the more negative feedback the quality of its internal control will receive. Firstly, companies with higher corporate value are more likely to have the financial resources and willingness to invest in robust internal control systems. Adequate funding can be allocated for implementing and maintaining effective control activities, such as separation of responsibilities, internal auditing, information technology control, and risk management frameworks. This investment has improved the quality and effectiveness of internal controls. Secondly, higher corporate value often attracts more attention and scrutiny from the top management and stakeholders. Therefore, greater emphasis is placed on governance and risk management practices, including improving the quality of internal controls. Top management is more likely to allocate resources, set the right tone for senior management, and prioritize internal control improvements to protect and enhance corporate value.

Finally, companies with higher corporate value may be more likely to have access to professional resources and knowledge, such as internal audit departments, risk management professionals, or consultants. These resources can provide valuable insights and assistance for designing, implementing, and evaluating internal controls, thereby forming a higher quality control system. (Meiryani, et al., 2023) believe that the quality of internal control is constrained and influenced by a company's financial situation, and good corporate finance can play a positive role in establishing and improving the internal control system. Compared to companies with poor financial conditions, companies with good financial conditions are more willing to invest important resources such as funds and manpower to improve their internal control systems. In other words, in companies with good financial conditions, management believes that a comprehensive internal control system can enhance the value of the enterprise from a long-term perspective, which will drive them to invest more costs in the establishment and improvement of internal control, forming a virtuous cycle. Alzeban, (2022) found that holding both CEO and CFO positions in a company increases the quality of internal control.

Internal control plays a crucial role in ensuring the accuracy and reliability of financial reporting. Companies with high-quality internal control are more likely to prepare accurate financial statements, thereby reducing the risk of material misstatement or restatement. Reliable financial reporting is valued by investors and analysts, as it enhances the company's transparency, credibility, and perceived value. Rehman, (2022) believes that internal control of a company cannot directly generate value, but rather acts on a series of activities that create value and indirectly have an impact. High level internal control can promote the realization of corporate value by reducing financing costs, managing operating cash flow, and improving corporate performance. (Wang, et al., (2018) also believes that internal control in enterprises has a promoting effect on enterprise value, and internal control is a key link in enterprise development. It ensures that the development of the enterprise will not deviate, thereby effectively improving the value of the enterprise. After research, (Atabayeva, 2022) concluded that in internal control of enterprises, business management, reporting, and asset security are the core contents, and its ultimate goal is to enhance the value of the enterprise.

Relationship Between Enterprise Value and Enterprise Growth - As shown in the calculated rho value ranges from 0.207 to 0.342, indicating a certain direct relationship between the sub variables of enterprise value and enterprise growth. There is a statistically significant relationship between enterprise value and enterprise growth, as the p-value obtained is less than 0.01. The higher the value of a company, the stronger its ability to obtain capital. It enhances the company's reputation and attractiveness to lenders, making it easier to obtain loans or issue bonds. Obtaining capital provides necessary funding for investment growth initiatives, increasing

investment in the production and sales of products or services, such as expanding operations, launching new products, entering new markets, or acquiring other businesses. At the same time, higher corporate value signifies investors' confidence in the company's growth and profitability potential, which can bring new resources to the company.

When investors believe that a company's value is high, they are more likely to provide funding through equity or venture capital. This additional funding can drive corporate growth by supporting research and development, marketing, talent acquisition, and other strategic initiatives. Higher corporate value can make a company an attractive acquisition target. Companies with higher valuations can use their stocks as currency to acquire other businesses, thereby achieving inorganic growth. Merger and acquisition activities can expand market share, increase customer base, diversify products or services, and achieve economies of scale. (Almashhadani, 2022) believes that improving internal control is beneficial for enhancing corporate value. (Liu, et al., 2022) explored the relationship between internal control quality and earnings sustainability and company value from the perspective of internal control quality. Empirical analysis found that the higher the quality of internal control in a company, the better the earnings sustainability, and the greater the company value.

As the company develops, it may generate higher income and cash flow. The improvement of profitability and positive cash flow contribute to the overall financial health and valuation of the company. Strong and sustainable growth can increase expectations for future earnings and have a positive impact on the company's corporate value. At the same time, corporate growth often means successful market positioning and obtaining competitive advantages. Growing companies can gain greater market share, become industry leaders, or launch innovative products or services that differentiate them from competitors. These factors enhance the company's long-term prospects, reputation, and perceived value, affecting its corporate value (Wang, et al., 2018) studied the relationship between political relations and corporate value and found that effective internal control systems in enterprises can effectively protect their value under political shocks.

Relationship Between Internal Control Quality and Enterprise Growth - Based on the results the calculated rho values ranging from 0.148 to 0.471 indicate a weak to moderate direct relationship between the sub variables of internal control quality and enterprise growth. There is a significant statistical relationship between the quality of internal control and corporate growth, as the p-value obtained is less than 0.01. Enterprise development requires adjustments to internal control systems to adapt to increasingly complex and evolving risks. Firstly, as the company grows, its operations become more complex. Expanding into new markets, introducing new products or services, and expanding operational scale may all bring new risks and challenges. In order to maintain effective internal control, companies need to adjust and strengthen their control activities to cope with increasing complexity and related risks. Secondly, the company's internal control system needs to adapt to the constantly changing environment. Enterprise growth typically requires changes in business processes, systems, and organizational structures. These changes may affect the effectiveness of existing internal controls. In order to adapt to growth, companies need to review and modify their internal control systems to adapt to the constantly changing environment. Once again, corporate growth requires allocating resources for expansion measures.

The allocation of resources, including financial and human capital, may affect the availability of internal control function resources. Balancing resource allocation to support growth has become crucial, while ensuring sufficient resources are available to maintain and improve the quality of internal controls. Finally, corporate growth brings new risks and challenges that need to be effectively managed. As the company expands, it may face increased risks related to operational efficiency, financial reporting, compliance, and fraud. Strong internal control quality is necessary to identify, evaluate, and mitigate these risks in order to support sustainable growth. Song Weiwei (2021) studied the relationship between the nature of property rights, internal control, financial flexibility, and corporate growth through theoretical analysis and empirical testing.

The research results found that internal control can timely identify and evaluate the financial condition,

operating results, and cash flow of enterprise operations, allowing enterprises to quickly respond and adjust when facing risks, and reasonably regulate the use of enterprise funds to improve efficiency, Internal control plays an important role in the growth process of enterprises (Dhar,et al., (2022) believes that effective internal control has a significant enhancing effect on corporate social responsibility and corporate growth. Internal control can supervise and urge enterprises to fulfill their corporate social responsibilities, which positively affects the development of enterprises. In summary, internal control can timely identify and evaluate major risks such as financial condition, operating results, and cash flow in enterprise business activities, enabling enterprises to respond quickly and adjust in a timely manner when facing risks, and reasonably regulate the use of enterprise funds to improve efficiency. Internal control plays an important role in the growth process of enterprises.

On the other hand, effective internal control quality can help alleviate the risks and uncertainties that may hinder the development of enterprises. By adopting strong control activities, companies can identify and respond to risks in a proactive manner. This instills confidence in stakeholders, including investors, lenders, and clients, who are more likely to support the company's growth plan. The quality of internal control also contributes to operational efficiency, which is crucial for sustainable growth. Efficient internal control processes, such as streamlined workflows, separation of responsibilities, and automation, reduce the risk of errors, delays, and inefficiencies. This enables the company to effectively allocate resources, minimize waste, improve productivity, and support the overall growth trajectory. In addition, strong internal control quality ensures compliance with laws, regulations, and industry standards. Compliance with legal and regulatory requirements is crucial for sustained growth, as non-compliance may lead to penalties, reputation damage, or legal issues. Effective internal control quality supports enterprise growth by reducing risks, improving operational efficiency, and ensuring compliance. Enterprise growth plays a partial mediating role in the impact path of corporate governance level on enterprise value. (Dhar,et al., 2022) studied the relationship between corporate governance level, enterprise growth, and enterprise value from the perspective of internal control, and concluded that enterprise growth plays a partial mediating role in the impact path of corporate governance level on enterprise value. Internal control plays a role in the relationship between corporate governance level and enterprise growth The relationship between enterprise values has a positive moderating effect.

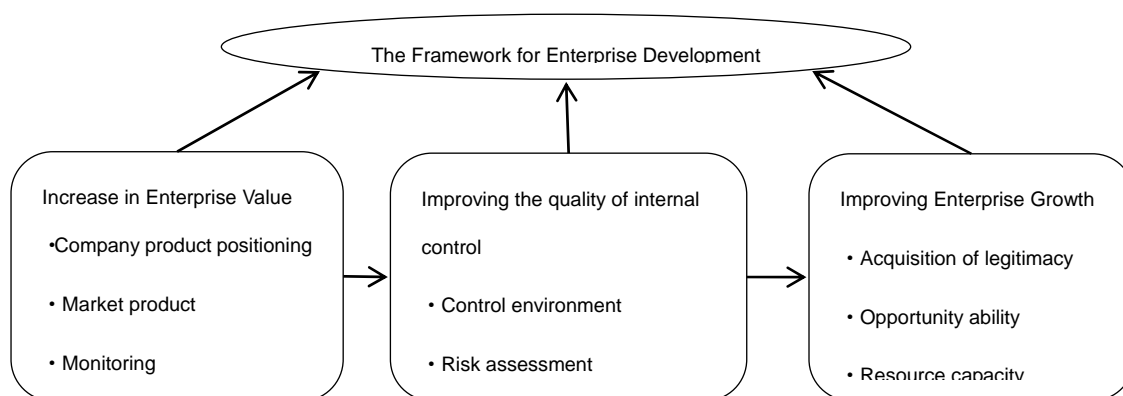


Figure 1. The Proposed Framework for Enterprise Development

Figure 1 shows the framework of the relationship between company value, internal control quality, and growth for enterprise development. Internal control is one of the important tools for company value management and a factor that promotes enterprise value-added. Therefore, on the one hand, internal control runs through various management activities of the enterprise, and on the other hand, it is closely related to the four major entities of the enterprise, namely shareholders, managers, operators, and employees. To achieve the increase of the interests of the entities themselves, it is necessary to devote oneself to creating enterprise value and thus achieve the goal of maximizing enterprise value. If a company's internal control system can have considerable rationality, then the company can expect to continuously adjust and optimize within the expected range, possibly achieving the long-term goal of gradually improving development.

Firstly, optimize the control environment of the enterprise. The role of enterprise control environment in the entire operation process of the enterprise is crucial, and the quality of enterprise control environment is bound to exert more or less influence on the implementation and execution of other relevant systems. A good internal environment is a necessary external condition for the healthy development of enterprises. Conversely, the goal of continuously increasing the value of enterprises is difficult to achieve. The internal environment that has a significant impact on the enterprise includes: (1) the management level of the enterprise, which requires the company to choose suitable managers. The quality, concept, and management philosophy of enterprise managers are an important part of enterprise management, which directly affects the overall operation of the enterprise and the behavior of other enterprise members, and ultimately restricts whether the internal control system can achieve good efficiency and effectiveness.

In addition, a trustworthy control environment also requires the top management of the enterprise to attach importance to the internal control system. (2) Optimize the company's organizational structure. Like suitable managers, the internal control environment is also influenced by the organizational structure of the enterprise. Therefore, when setting up an organizational structure, enterprises should comprehensively consider factors such as the company's historical background, strategic goals, employee quality, and market environment. (3) Emphasize the cultivation of corporate culture. Create an internal control culture atmosphere centered on enhancing the value of the enterprise, and improve the cultural construction of the enterprise's internal control team. Efforts should be made to cultivate a positive and upward corporate culture that aligns with the overall strategic goals of the enterprise, avoiding the phenomenon of only focusing on short-term corporate culture construction.

Secondly, strengthen item identification, risk assessment, and response. Strengthen item identification. Strengthening item identification is a prerequisite for risk assessment and response. The senior management of the enterprise should comprehensively identify all internal and external matters that affect the internal control system of the enterprise as much as possible. Strengthen risk assessment, and pay special attention to Risk factor that will have a significant impact on the company. Strengthen risk response. After assessment, risk response plans should be formulated as soon as possible, so that enterprises can minimize the harm caused by unfavorable risk response.

Thirdly, establish effective channels for information communication. Timely information communication is crucial for making various decisions in enterprises. Smooth information and good communication and exchange can help enterprise managers understand the true situation of the enterprise, and also enable employees to fulfill their responsibilities very well. Overcoming the negative consequences caused by information asymmetry, thereby greatly improving the level of information exchange and communication in enterprises, and ultimately improving the effectiveness of internal control implementation. Timely acquisition of useful internal and external information by enterprises plays a crucial role in improving corporate governance, enhancing internal control quality, and enhancing enterprise value.

Fourthly, strengthen the construction of internal control information systems in enterprises. Information technology is one of the important trends in the development of enterprise management. If there are shortcomings in information technology construction, it will be difficult for the internal control system to operate smoothly, and even affect the efficiency of enterprise management, which ultimately backfires. Fully introducing information technology into internal control measures can improve the quality and efficiency of enterprise internal control systems.

4. Conclusions and Recommendations

The respondents strongly agree on the importance of company product positioning, market product competition, and monitoring in enhancing corporate value. Regarding the five aspects of the company's control environment, risk assessment, control activities, information and communication, production and marketing

capabilities, the respondents acknowledge the importance of the above dimensions in improving the quality of internal control. The respondents strongly agree on the importance of a company's ability to gain legitimacy, opportunities, and resources to enhance its growth potential. From the analysis of internal control quality and enterprise value, the impact results are positive. There is a correlation between the quality of internal control and enterprise value, indicating that the quality of internal control has a promoting effect on the growth of enterprise value.

From the analysis of internal control quality and enterprise growth, there is a positive correlation between internal control quality and enterprise growth, indicating that internal control quality has a promoting effect on enterprise growth. Proposed a framework for enterprise development. This study recommends that the company management authorities may establish a correct view of internal control, introduce advanced management concepts, actively participate in the implementation and evaluation of internal control, and create value for themselves. If the corporate governance structure may be improved and the independence and objectivity of the board of directors can be enhanced, then for managers, it can provide a good internal environment guarantee for the implementation of internal control systems and the development of the company. Company managers may scientifically plan and carry out production and operation activities, rely on the mechanism of internal control quality affecting enterprise value, control costs, and promote the achievement of enterprise goals through cash flow management and performance improvement.

For the established internal control system, company managers can consider improving efficiency as an important goal and regularly and irregularly improve and revise it to adapt to the constantly changing environment. The framework developed may be adopted by enterprise managers in their management practices for company development. This study only examined the relationship between corporate value, internal control, and corporate growth. Only a portion of companies were surveyed and sampled, and further research is needed on other factors that can affect corporate development.

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