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Research on the Optimization of Internal Control Process for Private Machinery Manufacturing Firms under the New Normal of the Economy

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Abstract: China's economy has entered a new normal characterized by a transformation in the international economic structure and intensified trade frictions. Domestically, industrial upgrading and increased competition are also evident. These changes pose significant challenges to the reform and development of China's manufacturing industry. As a pillar industry of the national economy, machinery manufacturing is crucial for the country's economic development. However, under this new normal, which is marked by both opportunities and challenges, the machinery manufacturing industry faces a more severe market competition and complex risks. Private machinery manufacturing firms, in particular, lack direct government resource support and are more reliant on international trade compared to state-owned enterprises. This makes them more vulnerable to external environmental changes. In terms of internal management, private machinery manufacturing firms in China face numerous issues in their internal control systems, such as widespread family-style management, outdated internal control concepts, and formalistic internal supervision. These problems limit the development space of private machinery manufacturing firms in the new economic environment. Therefore, establishing an effective internal control system to identify potential risks and problems in the business process, and to take measures to reduce losses, has become an urgent task for the internal management upgrade of private machinery manufacturing firms. This study explores the current status of internal control in private machinery manufacturing firms, identifies the deficiencies in the internal control process, analyzes the causes of these deficiencies under the new normal, and proposes targeted improvement suggestions to enhance management efficiency and promote sustainable development.

Keywords: New Normal of Economy, Internal Control, Private Machinery Manufacturing Companies.

1. Introduction

As China's economic development gradually enters the new normal, characterized by economic restructuring and industrial upgrading, opportunities and challenges coexist across various industries. Under the dual pressures of intensified market competition and the standardization of external regulatory systems, the construction of internal control systems in enterprises faces more severe tests. To ensure orderly and healthy development, enterprises must pay more attention to the construction of internal control systems.

Strengthening internal control in enterprises has become a statutory requirement by relevant regulatory bodies. Internal control has been widely implemented in corporate management and is now a key tool for enterprise management. In the 1990s, China first defined the concept of internal control in the Independent Auditing Specific Standards, marking the beginning of the independent development stage of internal control in Chinese enterprises. Since then, numerous representative regulations and policies have been issued to standardize and guide the construction of internal control in enterprises. Notable examples include the Basic Standards for Enterprise Internal Control (2008), the Accompanying Guidelines for Enterprise Internal Control (2011), and the Internal Control Standards for Small Enterprises (Trial) issued by the financial authorities in 2017. Looking at the development of internal control in Chinese enterprises, it is evident that in the early stages, enterprises passively introduced internal control systems mainly to meet macro-policy requirements rather than the needs of their own development. As a result, many enterprises failed to pay sufficient attention to internal control systems, which could not meet the requirements for sustainable and innovative development. This has led to a relatively lagging development of internal control practices in China, making research on optimizing the current status of internal control in some Chinese enterprises highly relevant.

In recent years, the machinery manufacturing industry has developed rapidly, with most enterprises seeking transformation and upgrading under the new normal. From a macro perspective, the vigorous development of the machinery manufacturing industry is an important guarantee for China's comprehensive national power and a driving force for socialist economic development. At the same time, although private enterprises have entered a stage of rapid development with strong policy support from the state, their limited internal management levels have failed to keep pace with their growth, resulting in a gradual slowdown in overall development speed. Therefore, enhancing the effectiveness of internal control systems and breaking through the status quo of development has become the primary issue for private enterprises. Private machinery manufacturing firms, which are widely distributed across the country, are an important part of China's industrial composition and combine the advantages and disadvantages of both private and machinery manufacturing enterprises. They are mainly concentrated in the eastern region of China and are an important guarantee for the prosperity of the local economy. Moreover, these enterprises employ a large labor force, providing a wide range of diversified positions and significantly contributing to the national employment rate, with their workforce accounting for approximately one-fourth of the total national population. Thus, promoting the development of private machinery manufacturing firms is beneficial for enhancing national strength and improving China's international status. Given their significant contributions to economic and social development, the current management and operational status of these firms is a constraint on the entire industry's development. Therefore, improving the internal control of private machinery manufacturing firms is an essential requirement under the new economic normal.

In summary, under the new normal, research on the internal control process of private machinery manufacturing firms in China is of great significance not only for private and machinery manufacturing enterprises but also for promoting overall economic development. This paper discusses the existing problems in the internal control process of private machinery manufacturing firms and proposes suggestions for improving their internal control processes to meet operational needs. This research aims to align with the practical needs of internal control activities in Chinese enterprises at this stage and provide guidance and reference for government departments to formulate relevant policies and regulations on internal control.

2. The Significance of Research on the Optimization of Internal Control Processes in Private Machinery Manufacturing Firms under the New Economic Normal

2.1. Bridging the Gap in Internal Control Research

The existing body of literature on internal control has predominantly focused on the antecedents and consequences of internal control mechanisms. While these studies have provided valuable insights into the factors influencing internal control and its impact on corporate performance, they often overlook the practical implementation of internal control processes, especially in the context of private firms. This gap is particularly evident in the case of private machinery manufacturing firms, which face unique challenges due to their industry-specific characteristics and the broader economic environment.

This study aims to bridge this gap by focusing on the practical implementation of internal control in private machinery manufacturing firms. By examining the current state of internal control in these firms, identifying challenges, and proposing targeted improvements, this research contributes to a more comprehensive understanding of internal control mechanisms. It provides empirical evidence on how internal control can be optimized in a specific sector, thereby enriching the existing theoretical framework.

2.2. Addressing the Unique Challenges of Private Machinery Manufacturing Firms

Private machinery manufacturing firms in China are characterized by their unique operational and managerial characteristics. These firms often exhibit family-oriented management practices, limited access to financing, and a high dependency on international trade. These characteristics, combined with the challenges posed by the new economic normal, necessitate a tailored approach to internal control.

While existing research on internal control is largely based on large SOEs, the findings from these studies are not directly applicable to private firms. This study, therefore, focuses on the specific needs of private machinery manufacturing firms. By analyzing their unique challenges and proposing practical solutions, this research provides a valuable resource for both academics and practitioners. It highlights the importance of adapting internal control mechanisms to the specific context of private firms, thereby enhancing their operational efficiency and sustainability.

2.3. Enhancing Sustainable Development through Improved Internal Control

Under the new economic normal, private machinery manufacturing firms face increased competition, regulatory scrutiny, and market volatility. These challenges necessitate robust internal control systems to ensure effective risk management and operational efficiency. By optimizing internal control processes, firms can better navigate the complexities of the modern business environment and achieve sustainable growth.

This study emphasizes the role of internal control in promoting sustainable development. By proposing targeted improvements to internal control mechanisms, this research helps firms enhance their risk management capabilities, improve operational efficiency, and foster a culture of compliance. These improvements not only contribute to the long-term success of individual firms but also have broader implications for the industry as a whole. Enhanced internal control systems can lead to increased investor confidence, improved market performance, and a more resilient business environment.

2.4. Providing Practical Guidance for Policymakers

Effective internal control is not only essential for corporate success but also has broader implications for economic stability and regulatory compliance. By examining the current state of internal control in private machinery manufacturing firms, this study provides valuable insights for policymakers. It highlights the need for targeted regulatory frameworks that address the unique challenges faced by private firms.

This research offers practical recommendations for developing regulatory policies that promote robust internal control systems. By focusing on the specific needs of private machinery manufacturing firms, this study provides a foundation for policymakers to develop guidelines that enhance corporate governance, improve risk management, and foster sustainable development. The findings of this research can inform the development of policies that support the growth and stability of the private sector, thereby contributing to the broader economic agenda.

This study on the internal control of private machinery manufacturing firms under the new economic normal offers significant contributions to both theoretical and practical aspects of internal control research. By focusing on the unique challenges faced by private firms, this research provides valuable insights into the practical implementation of internal control mechanisms. It highlights the importance of adapting internal control systems to the specific context of private firms and offers targeted recommendations for improving corporate governance and risk management.

This study not only enriches the existing body of literature on internal control but also provides practical guidance for firms seeking to enhance their internal control processes. By bridging the gap between theory and practice, this research offers a valuable resource for both academics and practitioners. Furthermore, it provides insights for policymakers seeking to develop targeted regulatory frameworks that support the growth and stability of the private sector.

3. Current Status of Internal Control in Private Machinery Manufacturing Firms under the New Normal

3.1. Complex Internal Control Environment, Widespread Family-Style Management, and Weak Internal Control Awareness

(1) Widespread Family-Style Management

Private machinery manufacturing firms are characterized by a distinct family cultural influence in their internal control activities. Historically, family-style management has provided significant advantages during the early stages of development by reducing threats to the firm's survival and minimizing economic risks. However, under the new economic normal, as these firms expand in scale and profitability, family-style management has become a hindrance rather than an asset. This is primarily due to the excessive centralization of power, which manifests in several critical ways:

a. Employee Motivation and Belonging: Family-style management often discourages employee motivation and a sense of belonging among non-family staff.

b. Management Efficiency: The centralized decision-making process is too slow to match the dynamic operational needs of modern enterprises.

c. Power Abuse and Ethical Risks: Family members in key positions may abuse their power, leading to corruption, bribery, and trust crises.

The new economic normal demands higher standards of management for private machinery manufacturing firms. Transforming from a family-centric management model to a more professional and decentralized structure is essential for these firms to achieve sustainable transformation and upgrading.

(2) Weak Internal Control Awareness

Most private machinery manufacturing firms have not updated their understanding of internal control management and remain confined to traditional notions. For many of these firms, internal control is narrowly defined as financial control, with the financial system being equated to the internal control system. This narrow perspective leads to several critical issues:

a. Neglected Management Control: Non-financial aspects of internal control, such as operational and compliance controls, are often neglected.

b. Lack of Innovation: Outdated internal control concepts hinder these firms from achieving breakthroughs and innovations in their internal control systems.

c. Ineffective Implementation: Even when internal control processes are followed, the outcomes are often minimal due to a lack of integration with the firm's overall operations.

d. Disconnect with Economic Context: These firms often fail to consider changes in the economic environment and overlook the broader context of the new economic normal when constructing internal control systems.

e. Insufficient Expertise: Internal control management staff often lack a thorough grasp of relevant theories, making it difficult for them to adapt to the firm's actual situation and implement flexible measures.

This disconnect between internal control system construction and actual enterprise operations further weakens the internal control systems of private machinery manufacturing firms, limiting their ability to manage risks effectively.

3.2. Outdated Internal Control Methods and Low Information Technology Integration

Information technology (IT) has become an essential management tool for private machinery manufacturing firms, playing a significant role in supporting healthy corporate development. However, despite the widespread use of enterprise resource planning (ERP) software and office automation (OA) systems, IT management in these firms remains relatively weak. The main issues in the IT construction of internal control in these firms are as follows:

(1) Weak Connection Between Business Processes and Internal Control Information Systems

In private machinery manufacturing firms, information management tools are primarily used to review whether internal control systems comply with industry regulations, without effectively monitoring business processes. This results in a disconnect between relevant data and business processes, making it impossible to ensure that business processes comply with legal standards.

(2) Lack of Integration Between Information Systems and Internal Control

The internal control information systems in these firms are relatively independent and poorly integrated with the firm's operational information. Manual data entry is common, and key business metrics such as market sales, capital flow, and market share trends are not reflected in the data processing. Additionally, the transmission of internal control management information to business operations is not automated. As a result, the internal control information management system cannot provide timely and effective control when business processes encounter risks and hidden dangers.

(3) Lack of Integrated Management and Information Technology Talents

There is an urgent need for professionals with backgrounds in computer information management and familiarity with internal control management in private machinery manufacturing firms. The construction of internal control information systems in these firms requires collaboration across various departments. To address this, firms should:

a. Cultivate Integrated Talents: Departments should jointly cultivate integrated talents with experience in internal control management and knowledge of information technology.

b. Strengthen Management Oversight: Management should be responsible for implementing and supervising internal control construction, making rational use of human resources, and encouraging active participation in internal control development.

c. Leverage External Expertise: Consulting services from professional firms and software developers can provide specialized suggestions for internal control management.

3.3. Incomplete Internal Control Construction and Formalistic Internal Supervision

The establishment of an effective internal control system requires not only a well-designed internal control framework but also a robust and scientific internal supervision mechanism to monitor and enforce compliance. To ensure the effective implementation of internal control, companies must establish independent internal supervision departments and develop comprehensive supporting regulations. These measures are essential to safeguard the integrity and effectiveness of internal control processes.

However, the current state of internal supervision in private machinery manufacturing firms reveals significant room for improvement. The existing supervision mechanisms are characterized by:

a. Low Operational Efficiency: Supervision activities are often slow and inefficient.

b. Excessive Interdependencies: The internal audit department is overly intertwined with other functional units, compromising its independence.

c. Superficial Audit Activities: Internal audit activities often remain superficial, failing to effectively identify and mitigate potential risks within the organization.

Moreover, the prevalence of family-style management in most private machinery manufacturing firms exacerbates these issues. Under this model, many key positions are occupied by family members who may lack the necessary professional qualifications and ethical standards. This arrangement increases the likelihood of conflicts of interest and unethical behavior, undermining the effectiveness of internal control.

If internal supervision remains ineffective and fails to address these issues, the integrity of the internal control process will be compromised. Over time, this can lead to the formalization of internal control activities, where procedures are followed in name only without achieving their intended objectives. Such a situation not only hampers the normal operations of the enterprise but also results in a failure to identify and manage risks associated with business activities. Ultimately, this can prevent the company from achieving its established operational goals.

4. Insights for the Construction of Internal Control in Private Machinery Manufacturing Firms under the New Economic Normal

4.1. Transitioning from Family-Style Management to Professional Governance

Under the new economic normal, private machinery manufacturing firms face increasing competition and complexity in their operating environments. Traditional family-style management, which may have been effective in the early stages of development, is now a significant barrier to sustainable growth. This management model often leads to centralized decision-making, limited employee participation, and a lack of professional governance structures. To adapt to the evolving market conditions and enhance their competitive edge, these firms must transition from family-centric management to a more professional and decentralized governance model.

(1) Establishing an Effective Delegation of Authority System

One of the key steps in this transition is the establishment of an effective delegation of authority system. This system should clearly define the responsibilities and decision-making powers of different levels of management, ensuring that authority is distributed based on competence and expertise rather than familial relationships. By doing so, firms can enhance operational efficiency, encourage innovation, and create a more dynamic work environment.

(2) Introducing Internal Talent Competition Mechanisms

Another critical measure is the introduction of internal talent competition mechanisms. In many private firms, promotion opportunities are limited and often biased towards family members or close associates. This practice not only demotivates non-family employees but also stifles talent development within the organization. By creating a competitive environment for talent, firms can attract and retain high-caliber professionals, leading to improved performance and innovation.

(3) Addressing Employee Resistance and Promoting a Positive Work Culture

The introduction of professional managers and talent competition mechanisms can sometimes lead to resistance from existing employees, particularly those who have been with the firm for a long time. To mitigate this, firms must focus on promoting a positive work culture that values meritocracy and teamwork. This can be achieved through transparent communication, fair evaluation systems, and continuous training and development programs. By addressing employee concerns and fostering a sense of belonging, firms can create a more cohesive and motivated workforce.

(4) Enhancing Incentive Systems

In addition to establishing fair promotion practices, firms must also focus on enhancing their incentive systems. Traditional incentive structures, which are often based on seniority or familial relationships, are unlikely to motivate employees in a competitive environment. Instead, firms should adopt performance-based incentives that align employee goals with the firm's strategic objectives. For example, linking managerial bonuses to key performance indicators (KPIs) such as sales growth, market share, and operational efficiency can significantly enhance employee motivation and drive better performance.

(5) Mitigating Risks Associated with Nepotism

Family-style management often leads to nepotism in key positions, which can result in inefficiencies, conflicts of interest, and ethical issues. To mitigate these risks, firms should implement robust recruitment and evaluation processes that prioritize professional qualifications and performance over familial ties. This can be supported by establishing independent human resource departments and adopting best practices in talent management.

The transition from family-style management to professional governance is essential for private machinery manufacturing firms under the new economic normal. By establishing an effective delegation of authority system, introducing internal talent competition mechanisms, addressing employee resistance, enhancing incentive systems, and mitigating risks associated with nepotism, firms can create a more dynamic and competitive work environment. This transition not only supports sustainable growth but also enhances the firm's ability to adapt to changing market conditions and achieve long-term success.

4.2. Enhancing Internal Control Awareness in the New Economic Normal

In today's dynamic business environment, characterized by the new economic normal, private machinery manufacturing firms must navigate increasing complexity and uncertainty. Effective internal control is no longer a mere compliance requirement but a strategic necessity for sustainable growth and operational excellence. Therefore, firms must adopt a holistic approach to internal control that goes beyond regulatory adherence and aligns with the broader strategic objectives and cultural values of the organization.

(1) Aligning Internal Control with Industry Trends and Corporate Strategy

When revising and implementing internal control systems, private machinery manufacturing firms should consider the following:

Industry-Specific Challenges and Opportunities: The new economic normal has brought about significant shifts in market dynamics, technological advancements, and regulatory environments. Firms must stay abreast of these changes and adapt their internal control systems accordingly. This includes understanding the future development plans and established goals of the industry, which can provide valuable insights into emerging risks and opportunities.

Strategic Integration: Internal control should not operate in isolation but be integrated with the firm's overall strategy. By aligning internal control objectives with strategic goals, firms can ensure that control measures support rather than hinder business growth and innovation.

Employee Training and Development: To foster a culture of internal control, firms must invest in comprehensive training programs that educate employees about the importance of internal control and their roles in maintaining it. This includes not only technical training on control processes but also soft skills development to enhance ethical awareness and decision-making capabilities.

(2) Integrating Internal Control with Corporate Culture

Corporate culture plays a pivotal role in shaping employee behavior and attitudes towards internal control. Firms should consider the following approaches to integrate internal control with corporate culture:

Promoting a Culture of Integrity and Transparency: A strong corporate culture that values integrity, transparency, and accountability can reinforce the principles of internal control. By embedding these values into the daily operations and decision-making processes, firms can create an environment where internal control is viewed as a shared responsibility rather than a top-down mandate.

Enhancing Employee Training and Development: Regular training programs should be designed to not only educate employees about internal control procedures but also to develop their overall professional competencies. This includes training on ethical behavior, risk management, and compliance with regulatory requirements.

Encouraging Employee Engagement and Empowerment: When employees feel empowered and engaged, they are more likely to take ownership of internal control measures. Firms can achieve this by fostering open communication channels, encouraging feedback, and involving employees in the development and implementation of control processes.

Leading by Example: Leadership plays a crucial role in setting the tone for internal control. Senior management should actively demonstrate their commitment to internal control principles through their actions and decisions. This can include regular communication about the importance of internal control, recognition of employees who exemplify these principles, and visible support for training and development initiatives.

(3) Achieving Sustainable Progress through Self-Discipline

The success of any internal control system depends on the ability of employees to manage themselves effectively. By fostering a culture of self-discipline, firms can achieve sustainable progress in internal control. This requires a combination of strong leadership, effective training programs, and a supportive corporate culture that values integrity and accountability.

Enhancing internal control awareness is a critical component of effective internal control in private machinery manufacturing firms under the new economic normal. By aligning internal control with industry trends and corporate strategy, integrating internal control with corporate culture, and fostering a culture of self-discipline, firms can achieve significant improvements in their internal control systems. This holistic approach not only supports compliance with regulatory requirements but also drives sustainable growth and operational excellence in a dynamic business environment.

4.3. Accelerating Information Technology Integration

In today's rapidly evolving business environment, the integration of advanced information technology (IT) is crucial for enhancing internal control systems. Enterprises must align their IT strategies with the broader socio-economic context, ensuring that their information systems comprehensively cover all aspects of daily operations and activities. This alignment is essential for optimizing internal control information systems while adhering to cost-effectiveness principles.

(1) Optimizing Information Systems for Internal Control

Comprehensive Coverage and Integration: Information systems should be designed to integrate seamlessly with all facets of corporate operations. This includes financial management, supply chain operations, customer relationship management, and other key business processes. By ensuring comprehensive coverage, companies can achieve a holistic view of their operations and enhance decision-making efficiency.

Strategic Planning and New Business Models: Emphasizing strategic planning and the adoption of new business models is vital for driving network-based operating models. This not only improves the efficiency of internal information management systems but also enables companies to better adapt to market changes. By leveraging advanced IT solutions, firms can reduce time costs, enhance their ability to manage operating costs, and ultimately achieve maximum operational efficiency.

Enhancing Information Exchange Efficiency: Efficient internal information exchange is a cornerstone of modern corporate management. By optimizing information systems, companies can ensure that information flows smoothly across departments and functions. This reduces communication delays, minimizes errors, and enhances overall operational agility.

(2) Implementation and Security Measures

Data Collection and Analysis: Companies should prioritize the collection and analysis of decision-relevant information. This includes both structured data (e.g., financial metrics) and unstructured data (e.g., customer feedback). By leveraging advanced analytics tools, firms can derive valuable insights that support strategic decision-making.

Information Security: With the increasing reliance on digital systems, information security has become a critical concern. Companies must implement robust security measures to protect sensitive data from cyber threats. This includes encryption, access controls, and regular security audits.

Independent Monitoring and Review Mechanisms: Maintaining the independence of monitoring and review mechanisms is essential for ensuring the integrity of internal control systems. Companies should establish dedicated oversight units that operate independently of other departments. This ensures unbiased evaluation and timely identification of potential risks.

Employee Training and Proficiency: Effective implementation of IT systems requires well-trained employees. Companies should invest in continuous training programs to enhance employees' proficiency in using electronic information systems and IT tools. This not only improves system efficiency but also reduces the likelihood of human error.

Contingency Planning: To address potential disruptions, companies must develop comprehensive contingency plans. These plans should cover various scenarios, including cyber-attacks, system failures, and natural disasters. Regular drills and updates to contingency plans ensure that companies are well-prepared for unexpected events.

4.4. Ensuring Effective Supervision

Effective internal control systems rely on robust supervision mechanisms. For private machinery manufacturing firms, ensuring the effectiveness of internal control requires a proactive approach to supervision and continuous improvement of internal audit systems.

(1) Adjusting Supervision Mechanisms

Alignment with Operational Conditions and Future Plans: Companies should regularly review and adjust their internal supervision arrangements to align with current operational conditions and future strategic plans. This ensures that control activities are relevant and effective in addressing emerging risks.

Continuous Improvement: Supervision mechanisms should be continuously improved to enhance their effectiveness. This includes adopting advanced technologies for monitoring and reporting, as well as implementing regular reviews of control processes to identify areas for improvement.

(2) Reforming Internal Audit Systems

Independence of Internal Audit Units: Establishing independent internal audit units is crucial for ensuring the objectivity and reliability of audit work. These units should operate separately from other departments to avoid conflicts of interest and ensure unbiased evaluations.

Comprehensive Risk Identification: Internal audits should focus on identifying potential risks and management loopholes. By conducting thorough assessments of internal control systems, auditors can provide valuable insights that support business decision-making.

Integration with Performance Metrics: To enhance the effectiveness of internal audits, companies should integrate audit results with employee performance metrics. This not only provides a quantitative basis for evaluating employee performance but also reinforces the importance of internal control among staff.

Data-Driven Decision Support: Leveraging data analytics and other advanced tools, internal audits can provide detailed and actionable insights. This supports evidence-based decision-making and helps companies address potential issues before they escalate.

5. Conclusion

The new economic normal has posed novel challenges to private machinery manufacturing firms, necessitating the enhancement of their internal control systems. To align with the evolving trends of the times and seize emerging opportunities, these firms are required to integrate internal control mechanisms into every facet of their management and operations. Based on the research into the internal control of private machinery manufacturing firms under the new economic normal, this study draws the following conclusions:

The management of private machinery manufacturing firms in China is characterized by a strong family orientation, which is inadequate for long-term development. While family management facilitates decision-making in the early stages, it poses greater risks over time, increasing operational risks and reducing supervisory efficiency. Firms should transition from this traditional model by introducing professional managers with specialized skills to enhance corporate governance. This not only improves management efficiency but also mitigates the negative impacts of nepotism, thereby strengthening internal controls and supporting sustainable development.

Enhancing Internal Control in the New Economic Normal: Under the new economic normal, private machinery manufacturing firms can elevate their internal control levels by transitioning from family-style management, improving the internal control environment, accelerating information technology integration, and ensuring effective supervision. These measures are conducive to improving economic efficiency and promoting sustainable corporate development. At the same time, firms must carefully balance their investment in internal control. Given the limited financing channels and constrained working capital typical of private firms, it is essential to optimize resource allocation. Firms should neither neglect internal control due to resource constraints nor over-allocate resources in a manner that stifles operational and production growth.

The development and refinement of a company's internal control processes are not one-time, static endeavors but rather dynamic and continuous efforts that must be closely aligned with the company's operational characteristics and the current state of its internal control infrastructure. On one hand, companies should selectively incorporate best practices from well-established international internal control frameworks. On the other hand, they must integrate these practices with their actual business operations to create an internal control system that meets both developmental and managerial needs. Viewing the construction of internal control systems through a developmental and dynamic lens, companies should regularly update and revise their systems to ensure they remain relevant and effective.

Only by adopting such an adaptive approach can companies achieve their strategic goals for sustainable development in the new economic environment. While internal control systems cannot be directly replicated, the underlying principles and approaches to their construction are universally applicable and can be effectively adapted to fit the unique context of each company.

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