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THE ROLE OF THE INTERNAL CONTROL SYSTEM IN RISK MANAGEMENT OF SMALL BUSINESS ENTERPRISES

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Abstract: This article examines the role of the internal control system in managing operational risks in small business enterprises. The study employs systematic literature review, comparative analysis, expert survey, and statistical analysis methods. The empirical research was conducted using data collected from 120 small business enterprises operating in Tashkent city and the Tashkent, Fergana, and Samarkand regions of Uzbekistan. The findings indicate that enterprises with effective internal control systems experience significantly lower levels of financial and operational risks. Furthermore, a statistically significant relationship was identified between the level of development of internal control components and the financial stability of enterprises. The article also discusses the adaptation of the COSO-based internal control framework to the specific conditions of small business enterprises. The research findings have both theoretical and practical significance for small business managers, financial managers, internal auditors, and researchers specializing in risk management and internal control.

Keywords: internal control system, risk management, small business, COSO framework, financial control, internal audit, corporate governance, operational risk.

Annotatsiya: Ushbu maqolada kichik biznes korxonalarida operatsion tavakkalchiliklarni boshqarishda ichki nazorat tizimining o'rne tahlil qilingan. Tadqiqotda tizimli adabiyotlar tahlili, qiyosiy tahlil, ekspert so'rovi hamda statistik tahlil usullaridan foydalanilgan. Empirik tadqiqot O'zbekistonning Toshkent shahri hamda Toshkent, Farg'ona va Samarqand viloyatlarida faoliyat yuritayotgan 120 ta kichik biznes korxonasidan olingan ma'lumotlar asosida amalga oshirildi. Tadqiqot natijalari samarali ichki nazorat tizimiga ega korxonalarda moliyaviy va operatsion tavakkalchiliklar darajasi sezilarli darajada past ekanligini ko'rsatdi. Shuningdek, ichki nazorat tizimi komponentlarining rivojlanish darajasi bilan korxonalarning moliyaviy barqarorligi o'rtasida statistik jihatdan ahamiyatli bog'liqlik mavjudligi aniqlandi. Maqolada COSO modeli asosidagi ichki nazorat tizimini kichik biznes korxonalari sharoitiga moslashtirish masalalari ham yoritilgan. Tadqiqot natijalari kichik biznes rahbarlari, moliyaviy menejerlar, ichki auditorlar hamda tavakkalchiliklarni boshqarish va ichki nazorat sohasida faoliyat yurituvchi tadqiqotchilar uchun nazariy va amaliy ahamiyatga ega.

Kalit so'zlar: ichki nazorat tizimi, tavakkalchiliklarni boshqarish, kichik biznes, COSO modeli, moliyaviy nazorat, ichki audit, korporativ boshqaruv, operatsion tavakkalchilik.

Аннотация: В статье исследуется роль системы внутреннего контроля в управлении операционными рисками на предприятиях малого бизнеса. В ходе исследования использованы методы систематического обзора литературы, сравнительного анализа, экспертного опроса и статистического анализа. Эмпирическое исследование проведено на основе данных, собранных в 120 предприятиях малого бизнеса, функционирующих в городе Ташкенте, а также в Ташкентской, Ферганской и Самаркандской областях Узбекистана. Полученные результаты показывают, что предприятия, обладающие эффективной системой внутреннего контроля, характеризуются значительно более низким уровнем финансовых и операционных рисков. Кроме того, выявлена статистически значимая взаимосвязь между уровнем развития компонентов системы внутреннего контроля и финансовой устойчивостью предприятий. В статье также рассматриваются вопросы адаптации системы внутреннего контроля, основанной на модели COSO, к специфическим условиям предприятий малого бизнеса. Результаты исследования имеют теоретическое и практическое значение для руководителей предприятий малого бизнеса, финансовых менеджеров, внутренних аудиторов, а также исследователей, специализирующихся в области управления рисками и внутреннего контроля.

Ключевые слова: система внутреннего контроля, управление рисками, малый бизнес, модель COSO, финансовый контроль, внутренний аудит, корпоративное управление, операционный риск.

INTRODUCTION

In a market economy, small business enterprises constitute one of the most dynamic and adaptable components of the national economy. In recent years, the Republic of Uzbekistan has implemented comprehensive reforms aimed at developing small businesses and private entrepreneurship, as well as strengthening state support for these entities. Small business enterprises play a significant role in generating gross domestic product (GDP), creating employment opportunities, and fostering a competitive business environment. At the same time, compared with large enterprises, small businesses are exposed to higher levels of risk due to their limited financial resources, centralized management structures, and often informal organizational practices.

The risks faced by small business entities are diverse and include financial, operational, market, legal, and reputational risks. To prevent these risks or minimize their adverse effects, it is essential for enterprises to establish an effective internal control system. An internal control system is a set of policies, procedures, processes, and mechanisms implemented to ensure the achievement of organizational objectives, safeguard assets, enhance the reliability of financial reporting, and ensure compliance with applicable legislation and internal regulations.

In international practice, the Integrated Internal Control Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) is widely recognized as the fundamental conceptual framework for designing and implementing internal control systems¹. This framework consists of five key components: the control environment, risk assessment, control activities, information and communication, and monitoring activities. However, in practice, many small business enterprises face difficulties in implementing the COSO framework in a comprehensive and systematic manner. The primary reasons include a shortage of qualified personnel, limited financial resources, and insufficient attention paid by management to the establishment and effective operation of internal control systems.

The relevance of this study lies in the fact that the number of small business entities in Uzbekistan has been steadily increasing in recent years. According to the National Statistics Committee of the Republic of Uzbekistan, as of 2024, more than 635,000 small business entities were registered in the country, representing a 6.7% increase compared to the previous year. The growing number of small businesses has further increased the importance of implementing effective internal control systems, ensuring the efficient use of financial resources, and strengthening risk management practices². From this perspective, a scientific investigation of the role of internal control systems in managing risks in small business enterprises is of both theoretical and practical significance.

From a practical point of view, managers of small business enterprises often perceive internal control as an additional cost and a bureaucratic burden. As a result, systematic measures aimed at establishing effective internal control systems are frequently neglected. However, international practice demonstrates that even simple and low-cost control mechanisms can significantly reduce financial losses and improve the overall efficiency of business operations. Therefore, this study places considerable emphasis not only on theoretical analysis but also on practical recommendations.

REVIEW OF LITERATURE ON THE SUBJECT

According to Ahmedjanov, internal audit and internal control systems play a crucial role in strengthening financial discipline, ensuring the efficient use of resources, and monitoring the compliance of business operations with legal requirements in business entities. The author considers internal control to be an integral component of corporate governance and emphasizes that its effectiveness directly contributes to the timely identification of risks and the improvement of managerial decision-making. In particular, enhancing internal control mechanisms in small business enterprises is regarded as one of the key factors in ensuring financial stability³.

Mekhmonaliyev analyzes the role of the internal audit system in managerial decision-making and argues that internal audit serves not only as a financial control instrument but also as a management mechanism aimed at identifying, assessing, and mitigating risks. According to the author, internal audit enables organizations to identify weaknesses in the control system in a timely manner, reduce financial and operational risks, and improve the efficient use of corporate resources. Therefore, organizing internal audit based on a risk-oriented approach is considered one of the essential factors for improving financial stability and management effectiveness⁴.

1 Committee of Sponsoring Organizations of the Treadway Commission. (2013). *Internal Control–Integrated Framework*. COSO.

2 O'zbekiston Respublikasi Milliy statistika qo'mitasi. (2024). *Kichik tadbirkorlik subyektlari soni qanchaga ko'paygan?* <https://stat.uz/uz/matbuot-markazi/qo-mita-yangiliklar/55669-kichik-tadbirkorlik-subyektlari-soni-qanchaga-ko-paygan-7>

3 Ahmedjanov, K. B. (2022). *Xo'jalik yurituvchi sub'ektlarda ichki audit metodologiyasini takomillashtirish* (PhD dissertation abstract). O'zbekiston Respublikasi Bank-moliya akademiyasi.

4 Mexmonaliyev, U. (2025). *Korxonalarda ichki audit tizimining boshqaruv qarorlari qabul qilishdagi o'rni*. Muhandislik va iqtisodiyot. <https://doi.org/10.5281/zenodo.18892360>

According to Karimova, effective risk management is one of the key determinants of financial stability in small business enterprises. The author argues that the early assessment of financial, production, and market risks, together with their management through insurance and other protective mechanisms, ensures the continuity of entrepreneurial activities. Therefore, improving the risk assessment system is essential for enhancing the competitiveness of small business entities and reducing unexpected financial losses⁵.

Nematulloyev examines risk management mechanisms in the process of attracting investment to small business entities and emphasizes that risk identification, assessment, selection of appropriate management strategies, and continuous monitoring constitute interconnected stages of the risk management process. According to the author, systematic risk assessment not only increases the success of investment projects but also reduces the likelihood of financial losses, strengthens the soundness of managerial decisions, and contributes to ensuring the financial sustainability of small business enterprises. Therefore, integrating the risk assessment process into the overall corporate management system is regarded as one of the fundamental requirements of modern risk management⁶.

According to Umarov, improving the internal financial control system in enterprises requires the adoption of a risk-based management approach as a key prerequisite for enhancing the effectiveness of internal control. The author argues that regular risk assessment and continuous improvement of control mechanisms strengthen financial discipline, ensure the efficient use of resources, and enhance the financial sustainability of enterprises⁷.

According to the Committee of Sponsoring Organizations of the Treadway Commission (COSO), in modern organizations the internal control system is not limited to ensuring the reliability of financial reporting but also plays a crucial role in risk management, improving corporate governance, and achieving sustainable development objectives. The COSO framework recognizes risk assessment as the core component of the internal control system and emphasizes that organizations should continuously identify, assess, and respond to strategic, operational, and reporting-related risks by implementing appropriate control measures⁸.

Zhang argues that weaknesses in internal control systems negatively affect the financial stability and creditworthiness of small and medium-sized enterprises (SMEs). According to the author, an effective internal control system is an essential factor in reducing financial risks, improving the reliability of managerial decision-making, and expanding access to external financing⁹.

In his study, Imdieke empirically examined the impact of internal control auditing on the operational performance of enterprises. The findings indicate that enterprises implementing internal control audits demonstrate stronger oversight of business operations, more efficient utilization of resources, and a significant reduction in both financial and operational risks. The author further emphasizes that the continuous identification and correction of weaknesses through internal auditing contribute to strengthening financial stability. In addition, the internal audit system improves the quality of managerial decision-making, prevents fraudulent activities, and enhances internal control mechanisms¹⁰.

Boulhaga, Bouri, and Elbardan investigated the relationship between internal control quality and the reliability of financial reporting and found that enterprises with effective internal control systems produce significantly higher-quality financial information. According to the authors, well-developed internal control mechanisms reduce earnings management practices, enhance the transparency of financial reporting, and strengthen stakeholders' confidence in the enterprise. Their findings also suggest that internal control systems improve corporate governance by facilitating the early identification of risks and minimizing their adverse consequences¹¹.

Mao analyzed the relationship between significant weaknesses in internal control systems and financial reporting errors, concluding that the effectiveness of internal control is one of the determining factors in ensuring the reliability of financial information. According to the author, the timely identification and correction of internal control deficiencies reduce reporting errors and decrease the likelihood of financial statement restatements. Furthermore, the study emphasizes that continuous risk assessment and monitoring strengthen an enterprise's

5 Karimova, K. D. (2022). *Kichik biznes korxonalari risklarini sug'urtalashning tashkiliy asoslari*. Moliya va bank ishi, 8(3), 142–147.

6 Nematulloyev, S. S. (2025). *Kichik biznes sub'ektlariga investitsiya jalb qilishda "investitsiya risklarini boshqarish" mexanizmi*. *Innovations in Science and Technologies*.

7 Umarov, M. S. (2025). *Korxonalar faoliyatida ichki moliyaviy nazorat usullari va mexanizmlarini takomillashtirish usullari*. *Mejdunarodniy jurnal nauchnyx issledovaniy*. <https://doi.org/10.71337/inlibrary.uz.ijsr.129830>

8 Committee of Sponsoring Organizations of the Treadway Commission, & Association of Certified Fraud Examiners. (2023). *Fraud Risk Management Guide* (2nd ed.).

9 Zhang, X. (2022). *The Effect of Internal Control Weakness on Credit in Small and Medium Enterprises*. *Journal of Finance and Accounting*, 10(1), 28–32. <https://doi.org/10.12691/jfa-10-1-5>

10 Imdieke, A. J. (2023). *Does the Presence of an Internal Control Audit Affect Firm Operational Efficiency?* *Contemporary Accounting Research*, 40(2), 952–980.

11 Boulhaga, M., Bouri, A., & Elbardan, H. (2022). *The effect of internal control quality on real and accrual-based earnings management: Evidence from France*. *Journal of Management Control*, 33, 545–567.

financial security, improve the quality of managerial decision-making, and ensure the sustainable functioning of the internal control system¹².

The synthesis of the above-mentioned domestic and international studies demonstrates that internal control systems and risk management are critical factors in ensuring the financial sustainability and managerial effectiveness of enterprises. Both domestic and foreign researchers emphasize that well-designed internal control systems facilitate the timely identification, assessment, and mitigation of risks, ensure the reliability of financial reporting, and promote the efficient use of resources. However, the integration of risk assessment systems with internal control mechanisms in small business enterprises remains insufficiently explored, highlighting the significance and research gap addressed by the present study.

RESEARCH METHODOLOGY

This study employed a comprehensive methodological approach integrating both qualitative and quantitative research methods to examine the relationship between the internal control system and risk assessment practices in small business enterprises. The research was conducted in three stages.

In the first stage, a systematic review of domestic and international literature on internal control and risk management was carried out. Content analysis and comparative analysis were employed to examine the COSO Integrated Internal Control Framework, the ISO 31000:2018 Risk Management Standard, and recent studies in this field. The findings of the theoretical review served as the basis for developing the conceptual framework of the study and designing the survey questionnaire.

In the second stage, an empirical survey was conducted. The study sample consisted of 120 small business enterprises operating in Tashkent City and the Tashkent, Fergana, and Samarkand regions of Uzbekistan. A purposive sampling technique was applied to select enterprises from the trade, service, and manufacturing sectors. The selection criteria included enterprises employing between 10 and 100 employees and meeting the annual turnover requirements established by the current legislation for small business entities.

Data were collected using a standardized questionnaire comprising 25 items. The questionnaire was structured according to the five core components of the COSO framework: control environment, risk assessment, control activities, information and communication, and monitoring. Responses were measured using a five-point Likert scale. The respondents included company directors, chief accountants, and financial managers.

In the third stage, the collected data were analyzed using statistical methods. Descriptive statistics (mean and standard deviation), Pearson correlation analysis, and independent-samples t-tests were employed to identify relationships and differences among the study variables. To evaluate the level of internal control system development, a composite index was constructed. The index was calculated by averaging the respondents' scores for each component, assigning equal weights to all components, and converting the final score to a 100-point scale. This approach was based on the five-component Internal Control Framework developed by COSO.

To enhance the reliability of the findings, the survey data were compared with the enterprises' financial statements and available audit reports. In addition, semi-structured interviews were conducted with 15 company managers to complement and deepen the quantitative findings.

The study was conducted in accordance with established research ethics principles. All participants were informed of the purpose and objectives of the study before participating, informed consent was obtained, and the confidentiality of all personal and corporate information was strictly maintained. The findings were analyzed only in aggregated form and were used exclusively for scientific purposes.

ANALYSIS AND RESULTS

The survey findings revealed several important trends regarding the level of internal control system implementation in small business enterprises. The results are presented according to the five key components of internal control—control environment, risk assessment, control activities, information and communication, and monitoring—and are further illustrated through tables and figures.

First, only 28% of the surveyed enterprises had formally documented internal control policies or procedures. In the remaining enterprises, control functions were primarily performed informally through the personal supervision of managers and verbal instructions. This situation was particularly evident among micro-enterprises employing fewer than 20 workers.

Second, regarding the risk assessment component, the survey results indicated that only 34% of the enterprises conducted regular risk assessments. The remaining respondents reported that risks were generally identified only after they had occurred, reflecting a predominantly reactive approach to risk management.

12 Mao, Y. (2023). Internal control material weakness disclosure and misstatement duration. *Journal of Business Finance & Accounting*, 50, 118–151.

Third, the findings related to control activities showed that the principle of segregation of duties—for example, assigning responsibility for cash receipts and accounting records to different employees – had been implemented in only 22% of the surveyed enterprises. The low level of implementation was mainly attributed to the limited number of employees in small businesses.

Fourth, concerning information and communication, 47% of the enterprises reported using specialized accounting or financial management software to maintain financial records, whereas the remaining enterprises relied primarily on paper-based accounting systems or simple spreadsheet applications.

Fifth, regarding the monitoring component, only 19% of the surveyed enterprises had established regular internal inspections or internal audit procedures. This represented the lowest implementation rate among all five components of the internal control system.

A summary of these findings is presented in Table 1 (Table 1).

Table 1. Survey Results on the Level of Development of Internal Control Components¹³

Internal Control Component	Share of Enterprises with Positive Performance (%)	Brief Description
Control Environment	28	Existence of formally documented internal control policies or procedures
Risk Assessment	34	Regular and systematic risk assessment practices are implemented
Control Activities	22	Implementation of the segregation of duties principle
Information and Communication	47	Use of specialized accounting and management software
Monitoring	19	Regular internal inspections or internal audits are conducted

As shown in Table 1, among the five components of the internal control system, the Information and Communication component recorded the highest level of implementation (47%), whereas the Monitoring component demonstrated the lowest level (19%), resulting in a difference of 28 percentage points. This substantial gap indicates that the development of internal control systems in small business enterprises remains uneven across different components. In particular, while enterprises have made relatively greater progress in adopting information and communication tools, the monitoring function, including regular internal audits and inspections, remains underdeveloped. A visual comparison of these findings is presented in Figure 1 (Figure 1).

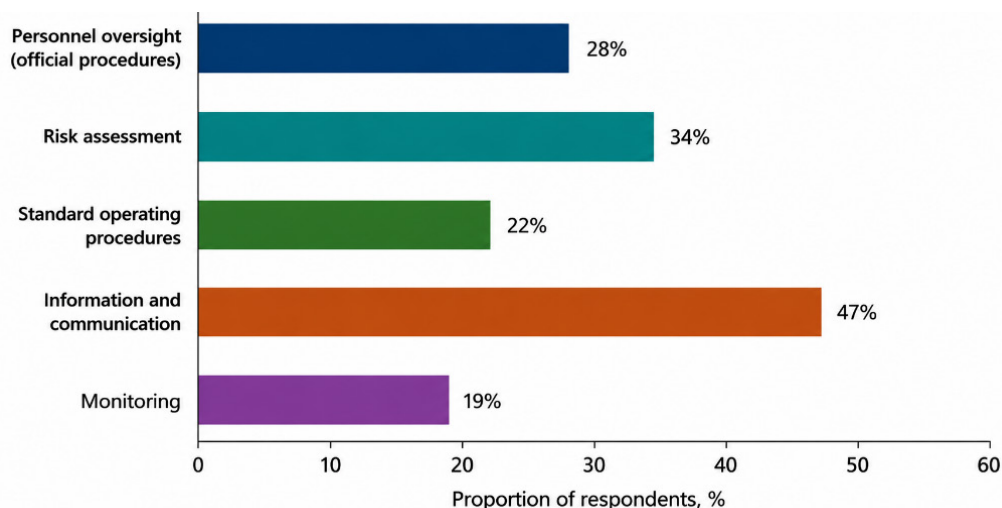


Figure 1. Level of Development of Internal Control System Components¹⁴

As illustrated in Figure 1, the internal control components can be ranked in descending order according to their level of development as follows: Information and Communication (47%), Risk Assessment (34%), Control Environment (28%), Control Activities (22%), and Monitoring (19%). This distribution indicates that small

¹³ Source: Compiled by the author.

¹⁴ Source: Compiled by the author.

business enterprises are relatively more prepared to adopt technological tools, such as accounting software, than to establish organizational and institutional control mechanisms, including monitoring activities and the segregation of duties.

The survey also asked respondents to identify the most significant types of risks faced by their enterprises, with the option of selecting multiple responses. The results revealed that the most frequently reported risks were liquidity risk (62% of respondents), credit risk associated with customers' payment discipline (54%), and foreign exchange risk resulting from fluctuations in exchange rates (41%). The distribution of these risk categories is presented in Figure 2 (Figure 2).

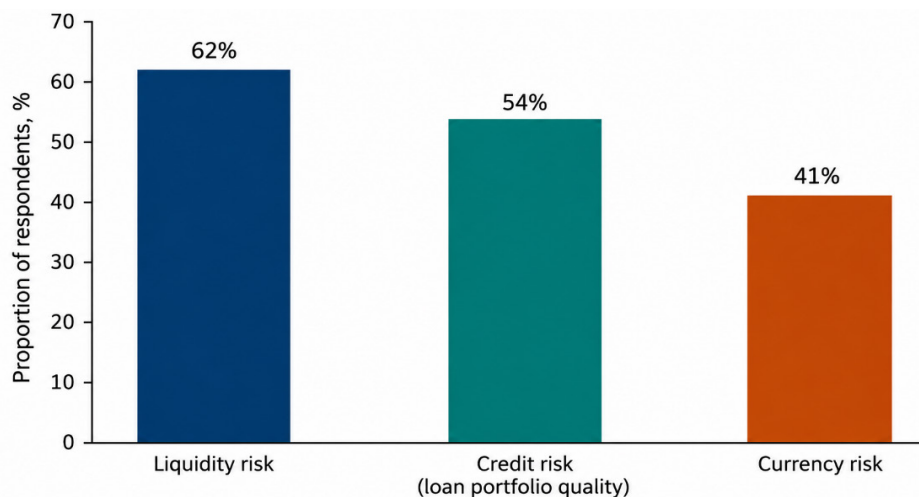


Figure 2. Respondents' Responses on the Most Common Types of Risks Faced by Small Business Enterprises¹⁵

According to the data presented in Figure 2, the most critical problem faced by small business enterprises is the liquidity risk associated with a shortage of working capital, which can be explained by the limited access of these enterprises to financial resources. The relatively high levels of credit and currency risks also confirm the high vulnerability of small enterprises to external factors.

When calculating the integral index of the development level of the internal control system, the enterprises participating in the study were conditionally divided into three groups: enterprises with a low level of control systems (an index below 40 points – 6% of enterprises), enterprises with a medium level (an index ranging from 40 to 70 points – 39% of enterprises), and enterprises with a high level (an index above 70 points – 15% of enterprises). This distribution is presented in Figure 3 (Figure 3).

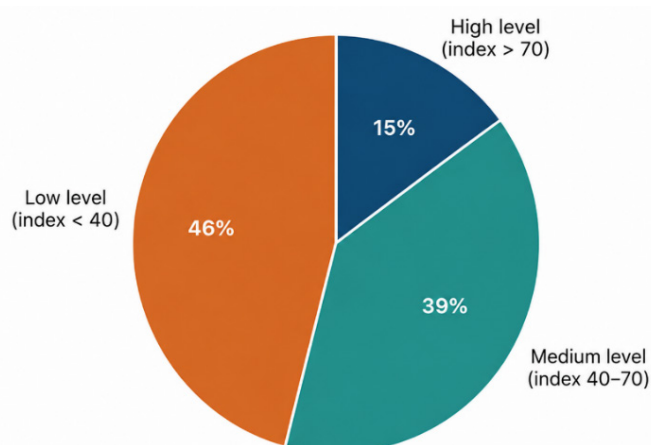


Figure 3. Distribution of enterprises by groups according to the level of development of the internal control system¹⁶

¹⁵ Source: Compiled by the author.

¹⁶ Source: Compiled by the author.

The results of the correlation analysis demonstrated a statistically significant inverse (negative) relationship between the internal control index and the number of financial losses recorded over the past two years (including theft, subjective errors, and financial disputes) (Pearson correlation coefficient $r = -0.58$, $p < 0.01$). In other words, enterprises with a more highly developed internal control system experienced significantly fewer cases of financial losses.

Furthermore, the results of the t-test showed that enterprises with a high level of internal control system development had a significantly higher average annual turnover growth rate compared to enterprises with a low level of internal control development (18.4% and 7.2%, respectively). This difference is statistically significant ($p < 0.05$). A comprehensive comparison of financial indicators across the groups is presented in Table 2, while a visual comparison is provided in Figure 4 (Table 2; Figure 4).

Table 2. Financial indicators by internal control level groups¹⁷

Group	Index range, points	Share of enterprises, %	Average annual turnover growth, %	Average annual number of loss incidents
Low level	< 40	46	7.2	4.8
Medium level	40–70	39	12.6	2.6
High level	> 70	15	18.4	1.1

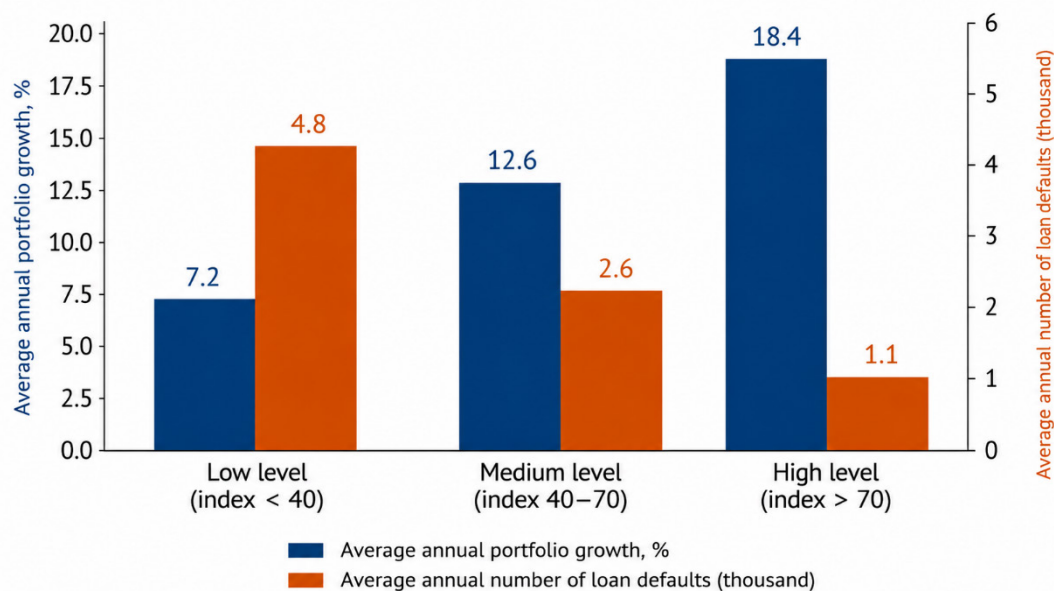


Figure 4. Comparison of financial indicators by internal control level groups¹⁸

The data presented in Table 2 and Figure 4 indicate that as the internal control index increases, the average annual turnover growth rate consistently rises (from 7.2% to 18.4%), while the average annual number of loss incidents decreases (from 4.8 to 1.1 cases). This trend further confirms the relationship between the internal control system and the financial performance of enterprises.

The results of in-depth interviews complemented the quantitative data: many business managers perceived internal control as an “additional bureaucratic burden”; however, at the same time, they acknowledged that strengthening accounting and control practices based on their experience had contributed to reducing errors and financial losses.

The analysis by sector revealed that in enterprises operating in the trade sector, internal control is primarily focused on procedures related to inventory accounting and stocktaking. In the service sector, particular attention is paid to controlling settlements with customers and the movement of cash flows. In manufacturing enterprises, priority is given to procedures related to accounting for raw materials and finished products, as well as quality control of technological processes. These differences are summarized in Table 3 (Table 3).

¹⁷ Source: Compiled by the author.

¹⁸ Source: Compiled by the author.

Table 3. Priority areas of internal control by sector of activity¹⁹

Sector of activity	Priority area of internal control
Trade	Control over inventory accounting and stocktaking processes
Services	Control over settlements with customers and cash flow movements
Manufacturing	Accounting for raw materials and finished products, and quality control of technological processes

The differences indicate that when developing an internal control system, it is necessary to take into account the specific characteristics of the enterprise's sector of activity.

The analysis based on the age of enterprises also revealed an interesting trend: enterprises operating for more than five years demonstrated a significantly higher level of internal control system development compared to newly established enterprises (less than three years old). On the one hand, this can be explained by the fact that enterprises accumulate experience over time and improve their control procedures; on the other hand, it may also be related to the fact that a significant number of newly established enterprises without internal control systems ceased operations during the initial years and, therefore, were underrepresented in the sample.

Overall, summarizing the findings, it can be concluded that the internal control systems of the majority of small business enterprises participating in the study are not fully developed structurally, and their individual components have developed unevenly. The monitoring component was identified as the least developed element, while the information and communication system was found to be relatively more developed. This finding is discussed in more detail in the following section.

CONCLUSIONS AND SUGGESTIONS

Based on the results of the conducted research, the following conclusions can be drawn.

First, internal control systems in small business enterprises are often organized in an informal and unsystematic manner, which increases the vulnerability of enterprises to various financial and operational risks.

Second, the research results confirmed the existence of a statistically significant inverse relationship between the level of internal control system development and the number of financial losses recorded in enterprises. Furthermore, enterprises with more developed control systems demonstrated better financial growth indicators.

Third, the internationally recognized COSO framework can serve as a theoretical foundation for small business enterprises; however, its implementation should be adapted according to the size, resources, and organizational structure of each enterprise.

Based on the above conclusions, the following practical recommendations have been developed for small business enterprises:

- develop and implement written internal control policies for the main areas of enterprise activity, at least in a simple and concise form;
- separate responsibilities as much as possible in operations related to cash and inventory management; where this is not possible, introduce additional control mechanisms by management (for example, periodic inspections);
- implement regular risk assessment practices, particularly by reviewing key risk factors (liquidity, credit, and currency risks) on a quarterly basis;
- expand the use of modern accounting and management information software, which will contribute to strengthening the information and communication component;
- organize internal audits at least on a quarterly basis or use external consulting services for this purpose, despite limited resources;
- develop simplified methodological guidelines and consulting services on internal control and risk management for small businesses at the government level.

When implementing the above recommendations, a phased approach is considered appropriate. At the initial stage, the areas posing the highest risks to the enterprise should be identified, and the most essential control procedures should be introduced in these areas. At the next stage, the control system should gradually be extended to other areas of activity, taking into account the financial capacity and human

¹⁹ Source: Compiled by the author.

resource potential of the enterprise. Such a phased approach enables small enterprises to develop their internal control systems consistently without creating excessive financial and organizational burdens.

In addition, it is recommended that professional associations, chambers of entrepreneurs, and relevant government institutions regularly organize short-term training courses and seminars for small business managers on internal control and risk management. Such initiatives will help change entrepreneurs' perceptions of internal control, encouraging them to view it not as a cost, but as an investment that ensures the sustainability of the enterprise.

In conclusion, establishing an effective internal control system in small business enterprises is not only an important factor in reducing financial and operational risks but also a key condition for ensuring long-term sustainable development. Future research in this area should focus on developing practical internal control models adapted specifically to the needs and capabilities of small businesses.

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