

Internal Control, Corporate Social Responsibility and Performance

- The Regulating Role of the Marketization

Yunan Jiang

School of Business, Nanjing Normal University, Jiang Su, China

Abstract

The paper uses the data of 241 listed companies in the high-tech industry from 2013 to 2017 to verify the impact of internal control and corporate social responsibility on performance, introduces marketization process and studies its moderating role in this intermediary process .The empirical research results show that in the high-tech industry, internal control has a positive impact on social responsibility and performance. Corporate social responsibility plays a partial intermediary role between internal control and performance. The marketization process regulates corporate social responsibility to performance influences and plays a regulatory role between corporate social responsibility and corporate performance.

Keywords

Internal Control; Corporate Social Responsibility; Marketization Process; Performance.

1. Introduction

Throughout the recent years of Samsung battery recalls at home and abroad, the Changchun longevity vaccine problem, increasing environmental pollution and waste of resources and other events, the community began to pay attention to the issue of corporate consciously fulfilling social responsibility. Achieving sustainable high-quality development goals is inseparable from the awareness and behavior of social responsibility.

Although the rules and regulations of corporate social responsibility have been gradually improved, due to the lack of internal control of enterprises, enterprise management still faces many problems. Since the promulgation of the Sarbanes-Oxley Act in the United States in 2002, foreign circles have focused on internal control issues, and a series of internal control regulations have been formulated in China. The formation and improvement of the internal control system is a long exploration process and one of the important mechanisms to ensure the effective implementation of corporate social responsibility.

The company's strategic decision-making behavior is influenced by the internal environment and external factors. The uneven marketization of the environment in which enterprises are located leads to differences in the speed of economic development and the level of economic openness in different regions. Since 2001, the National Economic Research Institute of the China Economic Reform Research Foundation has released the relative index of the marketization process in different regions of China according to the year, aiming to comprehensively explain the differences in the marketization levels of various regions.

With the increasingly complex competitive environment and the deepening of China's reform and opening up, China's economy is in a critical period of transformation. Innovation provides a stable driving force for sustained economic growth. As the main force of innovative technology and innovation strategy, the development situation of high-tech enterprises is crucial to the economic structural adjustment in the transition period. Because, this article

selects high-tech enterprises as the research object. In order to ensure healthy development, effective internal control has also become one of the most important capabilities of the enterprise, and the level of fulfilling social responsibility has also become one of the factors that affect the enterprise to obtain a competitive advantage. Therefore, enterprises to achieve high performance levels and gain competitive advantage, on the one hand, are affected by the level of internal control, on the other hand, the process of continuously improving the ability to undertake social responsibility.

Although there are not a few literatures on the interrelationship between enterprise internal control and corporate social responsibility and corporate performance, most of the existing studies have explored the relationship between “intra-enterprise control—enterprise performance” or “corporate social responsibility-enterprise performance”, and research on high-tech industries has been ignored.

This paper starts from two ideas about the relationship between internal control and corporate performance: First, it analyzes the intermediary role of corporate social responsibility in the internal control and performance level; second, it verifies the role of different marketization levels in the regulation of corporate social responsibility and corporate performance.

The possible innovations in this paper are three aspects: taking the high-tech industry as a research sample, analyzing the influence relationship between the above variables, improving and enriching the contents of the existing literature; integrating the internal control of enterprises with the research of corporate social responsibility, as The construction basis of follow-up theory; in the different competitive environment, taking the marketization process as the adjustment variable, analyzing its adjustment role in corporate social responsibility and performance.

2. Literature Review and Theoretical Assumptions

2.1. Internal Control and Performance

In 1992, the US authoritative COSO report defined the internal control of the company as “providing reasonable assurance for the realization of the internal control objectives of the enterprise”. For the study of internal control, it is mainly to measure the quality of internal control, that is, to focus on the internal control objectives, to achieve the level of achievement as the evaluation benchmark, to measure the quality of internal control. Ibrahim et al. found that high-quality internal control can optimize the company's governance structure and improve the company's governance[1]. Disclosure of internal control defects of enterprises will affect investors' perception of actual investment opportunities and investment returns[2], and the investment obtained by enterprises will be affected[3]. After the major defects of internal control were corrected, the investment efficiency was improved[4], and the overall performance of the company was improved[5]. Yang Songling[6] and other A-share listed companies as research samples, found that internal control quality has a positive effect on company value. Zhao Shuowen and others separately analyzed the five components of internal control and found that they all have different effects on corporate performance[7]. Hang Jianmin and others found that improving the effectiveness of internal control has contributed to the improvement of performance[8]. Miao Yujun analyzed the mechanism of internal control acting on financial performance by stabilizing the business environment and improving risk prevention capabilities[9].

Based on the principal-agent theory, internal control rationally allocates resources through mutual constraints. In order to achieve the balance of constraints, you need to pay attention to the following two points. First, the content of information transmission is accurate and timely. The second is to circumvent contradictions that may affect the relationship between

stakeholders. High quality internal control can meet the above two points. Through effective control measures to establish communication channels within the enterprise to improve the reliability and validity of information disclosure[10], it is conducive to enterprises to achieve higher performance levels[11]. At the same time, high-quality internal controls ensure that companies take steps to review business processes and improve operational efficiency. When there is a major gap in internal control, the level of internal control is unstable and corporate performance will be negatively affected. Thus, hypothesis 1 is proposed.

H1: In high-tech enterprises, internal control of enterprises is conducive to improving corporate performance.

2.2. Internal Control, Corporate Social Responsibility and Performance

“Father of Social Responsibility” Bowen defines corporate social responsibility as: “In the process of business operations, managers should formulate corresponding policy guidelines for business operations on the premise of complying with the rules of action.”[12] 1960, Davis It is divided into four aspects: economic responsibility, legal responsibility, moral responsibility and resource responsibility[13]. From the perspective of game theory, Sacconi confirmed that taking social responsibility is conducive to improving the effectiveness of internal control[14]. Influenced by Davis, Qu Xiaohua divided corporate social responsibility into cultural responsibility, ecological responsibility, legal responsibility, economic responsibility, and ethical responsibility[15]. McGuire and others believe that in addition to improving profitability and stock market returns, reducing corporate risk is also one of the roles of social responsibility[16]. Li Honggui believes that social responsibility refers to the responsibility of the three interest groups of shareholders, the state, the main management, and the consumer group[17]. Xu Guanghua and others combined the enterprise strategic performance rating system and corporate social responsibility to construct a clock performance model. Social performance, business performance and financial performance were promoted in turn, forming a closed cycle model[18]. He Jie believes that when enterprises face the dilemma of governance, they are actively taking responsibility or passively evading their obligations, which will affect the public's perception of the company[19].

According to the stakeholder theory, the idea of “shareholder supremacy” advocated by traditional enterprise theory is one-sided. Companies need to consider their responsibilities to stakeholders such as suppliers, employees, and customers. Li Zhibin[20] and others found that the relationship between internal control and social responsibility in non-state-owned enterprises is not as close as that in state-owned enterprises. Wang Jianling[21] and others all agree that internal control is positively related to the level of social responsibility. Enterprises can conduct risk management and control through internal control system and build a social responsibility management framework[22]. This raises hypothesis 2.

H2: In high-tech enterprises, internal control is conducive to enterprises to improve their social responsibility performance level

It is an important function of modern enterprise internal control to supervise and manage the situation in which enterprises properly perform social responsibilities and maintain and balance the legitimate rights and interests of stakeholders. Wang Haibing and others believe that building an internal control system based on corporate social responsibility can help reduce its internal transaction costs[23]. By taking social responsibility, companies transmit positive signals to the outside world, and companies gain a good reputation[24]. Based on Carol's four perspectives of corporate social responsibility, Berens et al. found that the relationship between corporate social responsibility and financial performance varies from perspective to perspective, and is regulated by the relationship between the public and stakeholders[25]. Xu Zhengliang believes that enterprises should embed social responsibility

into long-term development strategies, achieve business goals through benign interactions inside and outside the enterprise, and obtain considerable profits[26]. Hongdi Wang[27] used the observation data of 30 international construction companies and 210 company years as a sample, and found through research that the impact between CSR and CFP is similar to the "U" type: at lower CSR levels, companies cannot Realize the ideal economic value through social activities, but when the enterprise continues to carry out business activities, after passing a certain inflection point, the investment of corporate social responsibility will gradually affect the financial benefits, which can offset the costs involved.

In summary, in the process of effective internal control to enhance the ability of enterprises to obtain long-term financial performance, the company's active social responsibility has played a part in mediating. Thus, hypothesis 3 is proposed.

H3: In high-tech enterprises, corporate social responsibility plays a mediating role between internal control and corporate performance.

2.3. Corporate Social Responsibility, Marketization and Performance

The process of marketization refers to the degree to which China's provinces have gradually transformed from a planned economy to a market economy. Chinese scholars Wang Xiaolu and others subdivided the marketization process into five aspects: the degree of development of the product market, the relationship between the government and the market, the degree of development of the factor market, the degree of development of the non-state-owned economy, and the degree of improvement of the legal environment[28]. Hansen proposed that the market environment will be affected by the development level of regional marketization, and then affect the innovation ability and profitability of enterprises[29]. Lv Chaofeng and others believe that building a mechanism to exploit market potential has promoted economic growth[30]. Therefore, for the long-term development of the company, it is necessary to understand the changes caused by the increase of marketization, and provide a scientific response for the company's operation in the new environment. Liu Youjin[31] believes that the marketization process of China's high-tech industrial innovation has a significant role in promoting marketization. Compared with companies with a high degree of monopoly, its impact on low-monopoly industries is more significant. Sheikh[32] believes that regions with higher marketization processes have greater risks of market competition than regions with lower marketization processes, and their requirements for comprehensive capabilities are more prominent. Therefore, this article makes the following assumptions:

H4: In high-tech enterprises, the marketization process plays a moderating role between corporate social responsibility and corporate performance.

In areas with a high degree of marketization, their laws are correspondingly improved, and the independence of government and other regulatory agencies is stronger. Violations of enterprises will be punished effectively, and the internal control system will be improved. With the improvement of internal control, enterprises will be more inclined to disclose high-quality corporate information and actively fulfill corporate social responsibility.

Chinese scholar Li Zhibin[33] believes that internal control shows a clear positive correlation to environmental information disclosure, especially for companies with a faster marketization process, which have a stronger positive effect. Wang Xia[34] believes that the proportion of companies that disclose environmental information and the quality of disclosure have increased year by year, and the internal governance of enterprises has affected the environmental information disclosure decisions of enterprises to a certain extent. Tang Tian[35] believes that there is a positive relationship between the effectiveness of internal control and the level of environmental information disclosure. In areas where the marketization process is fast, the positive role of internal control is slightly stronger. Business performance has a positive impact.

H5: In high-tech enterprises, the marketization process regulates the intermediary role of corporate social responsibility between internal control and corporate performance.

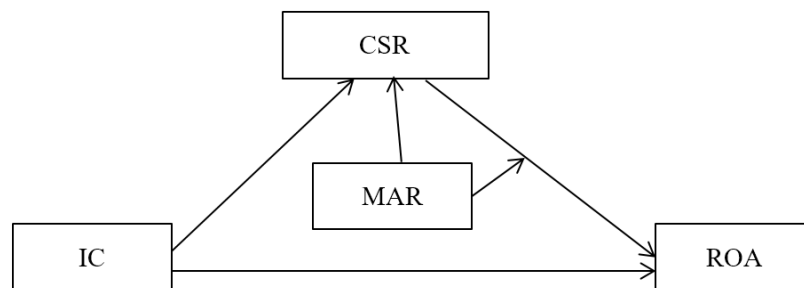


Figure 1: Theoretical model

3. Research Design

3.1. Sample Selection and Data Sources

This article takes a sample of all high-tech industry companies listed on the Shanghai and Shenzhen stock exchanges during the period 2013-2017. To ensure the validity and accuracy of the data, data filtering is based on the following principles:

- (1) Excluding companies with incomplete index data;
- (2) Excluding companies with extreme data values;
- (3) Excluding ST, *ST or SST companies. Due to the abnormal situation of the financial data and operation status of such companies, the Exchange has specially dealt with them.

After the screening, the data of 241 listed companies in the high-tech industry for five consecutive years were finally obtained, and they were used as effective samples for further analysis and research.

The internal control data of this paper is taken from the internal control index of listed companies issued by Dibo Enterprise Risk Management Technology Co., Ltd. in 2018; the corporate social responsibility data is derived from the disclosure of corporate social responsibility information by the third-party rating agency Runling Global Social Responsibility Rating Agency. The evaluation results, the relevant data of the marketization process refer to the "China Provincial Marketization Index Report (2016)" published by Wang Xiaolu, Fan Gang and Yu Jingwen in 2017. The financial data is mainly from the Guotai Database (CSMAR) and has been manually processed by the author.

3.2. Variable Design

3.2.1. Interpreted Variables

Performance. This paper uses the Return on Total Assets (ROA) as a surrogate variable for financial performance. It includes different aspects of financial performance measurement indicators, such as production efficiency, financial leverage, etc., which can basically reflect the actual overall profitability of the enterprise.

3.2.2. Interpreting Variables

Enterprise Internal Control. The relevant data comes from the internal control index of Chinese listed companies announced by Dibo Enterprise Risk Management Co., Ltd. in 2018. The larger the internal control index, the more effective the internal control and the higher the quality.

3.2.3. Mediation Variables

Corporate social responsibility. The data used in this paper to reflect the performance of corporate social responsibility is taken from the corporate social responsibility score published by Hexun.com. The scoring system integrates the descriptions of indicators such as stakeholder responsibility, environmental responsibility and social responsibility in the social responsibility report disclosed by listed companies[36], and provides the research basis for the level of corporate social responsibility performance.

3.2.4. Regulating Variables

Marketization. According to the “China Provincial Marketization Index Report (2016)” prepared by Wang Xiaolu and others in 2017, the relative marketization index of each province listed in the report is used to measure the marketization process of each province. The greater the marketization index indicates the higher the market development in the region.

3.2.5. Control Variables

The size of the firm, the property rights and the asset-liability ratio have a significant impact on the performance of the firm, so these variables are controlled. The specific definition of all variables is shown in Table 1:

Table 1: Variable description

	Variable name	Variable symbol	Variable description
Explained variables	Enterprise performance	ROA	Return on total assets
Explanatory variables	Enterprise internal control	IC	Deb internal control index
Intervening variables	Corporate social responsibility	CSR	Corporate social responsibility index
Adjust variables	The marketization	MAR	Scores of provinces in the China marketization index report
	The enterprise scale	SIZE	The natural log of total assets
	Asset-liability ratio	LEV	Total liabilities/total assets
	Property rights	SOE	The state-owned enterprise is 1 and the rest is 0
Control variables			

4. Data Analysis and Results

Table 2: Descriptive statistics of variables

	The case number	Minimum	Maximum	Mean	Standard deviation
IC	1205	275.54	898.65	667.17	74.90
CSR	1205	12.42	87.18	40.16	10.47
MAR	1205	-0.30	11.11	8.49	1.67
ROA	1205	-1.31	0.42	0.05	0.07
LEV	1205	0.00	8.69	0.35	0.31
SIZE	1205	8.49	11.37	9.75	0.51
SOE	1205	0.00	1. 00	0.51	0.50
Number of valid cases	1205				

4.1. Descriptive Statistics between Variables

Table 2 is a descriptive statistical result of the relevant variables in this paper. It can be seen from the table that the maximum level of social responsibility information performance is 87.18, the minimum value is 12.42, and the average value is 40.16, indicating that the overall level of social responsibility fulfillment awareness of listed companies in China is not high; and the standard deviation is 10.47, indicating the company The difference between the two is large. The minimum value of internal control is 275.54, the maximum value is 898.65, and the average value is 667.17, which indicates that the promulgation of the basic norms and supporting guidelines for internal control of enterprises has promoted the construction of internal control of enterprises and improved the effectiveness of internal control. Great difference. The maximum level of marketization process is 11.11, the minimum value is -0.30, and the average value is 8.49, which indicates that the degree of marketization between different regions in China is quite different. The maximum performance level of enterprises is 0.42, the minimum value is -1.31, the average value is 0.05, and the standard deviation is 0.07, which indicates that the performance of enterprises in different enterprises in China is quite different.

Table 3: Correlation coefficient analysis of main variables

	1	2	3	4	5	6	7
1 ROA	1.000						
2 IC	0.255***	1.000					
3 CSR	0.100***	0.186***	1.000				
4 MAR	0.048*	0.029	0.065*	1.000			
5 SIZE	0.055*	0.269***	0.318***	0.066*	1.000		
6 SOE	-0.089***	0.019	0.145***	-0.024	0.197***	1.000	
7 LEV	-0.212***	0.036	-0.027	-0.048*	0.210***	0.097***	1.00

Note:*** means $p < 0.001$; ** means $p < 0.01$; * means $p < 0.1$

4.2. Correlation Analysis between Variables

In order to test the relationship between internal control, corporate social responsibility, marketization process and corporate performance, this paper analyzes the correlation coefficient of the main variables. From Table 3, internal control is significantly positively correlated with social responsibility ($p < 0.001$) and performance ($p < 0.001$), with correlation coefficients of 0.186 and 0.255 respectively; corporate social responsibility and marketization ($p < 0.1$), The performance was significantly positively correlated ($p < 0.001$), and the correlation coefficients were 0.065 and 0.100 respectively; marketization and firm performance were also positively correlated ($p < 0.1$) with a correlation coefficient of 0.048.

Table 4: Multi-layer regression analysis of each hypothesis (n=241)

Variable	CSR				ROA			
	M1	M2	M3	M4	M5	M6	M7	M8
Control variables								
SIZ	.582***	.600***	.004***	.051*	.096**	.036	.094**	.097**
LEV	.936***	.931***	.007***	-.223***	-.220***	-.218***	-.219***	-.220***
SOE	.580***	.576***	.004***	-.082**	-.098***	-.087**	-.097***	-.093***
Research variables								
IC		.004***		.251***		.245***		
CSR					.078**	.050**	.077**	.083**
MAR							.024	.027
IC*MAR								
CSR*MAR								-.083**
R2	0.118	0.011	0.061	0.118	0.065	0.120	0.065	0.071
F	53.645***	15.343***	26.980***	79.492***	6.937**	2.966*	0.742	8.843**

Note: *** means $p < 0.01$, ** means $p < 0.05$, and * means $p < 0.1$

4.3. Regression Analysis

Before the regression analysis, this paper first diagnosed the collinearity problem. The diagnostic results show that the VIF values of all control variables and study variables are below 10, indicating that the collinearity problem is not serious. For the previous research hypothesis, firstly, the hierarchical regression analysis is used to test the direct influence of internal control on enterprise performance, the mediating role of corporate social responsibility and the adjustment effect of marketization process. The specific regression analysis results are shown in Table 3, and then with the help of "Bootstrapping" The mediating effect of regulation is the overall model.

4.3.1. Direct Effect Test

It can be seen from M4 that after controlling the variables such as asset-liability ratio, firm size, and property rights, there is a significant positive correlation between internal control and firm performance ($\beta=0.251$, $p<0.001$). Therefore, it is assumed that H1 is established.

4.3.2. Intermediary Effect Test

For the mediating role of corporate social responsibility in internal control and performance, model 2 shows that internal control has a significant relationship with corporate social responsibility ($\beta=0.004$, $p<0.001$), so H2 is established.

From M5, there is a significant positive correlation between corporate social responsibility and corporate performance ($\beta=0.078$, $p<0.01$); the direct effect of internal control of model 4 on firm performance is significant ($\beta=0.251$, $p<0.001$). On the basis of this, after further adding the intermediary social social responsibility to the regression equation, it can be seen from Model 6 that corporate social responsibility has a significant positive correlation with corporate performance, and the positive impact of internal control on corporate performance has been weakened, but it is still significant ($\beta = 0.245$, $p < 0.001$), which indicates that corporate social responsibility plays a partial intermediary role between internal control and corporate performance, so H3 is verified.

4.3.3. Adjustment Effect Test

For the adjustment effect of the marketization process between the relationship between corporate social responsibility and corporate performance, firstly decentralize the process of

corporate social responsibility and marketization, and then construct the interaction between corporate social responsibility and marketization process, and market it. The process is put into the regression equation of corporate social responsibility to firm performance. The analysis results are shown in model 10. It can be seen that the interaction term between corporate social responsibility and marketization process has a positive impact on organizational performance ($\beta=-0.083$, $p<0.01$). That is, the lower the marketization process, the more obvious the positive impact of corporate social responsibility awareness and organizational performance, so it is assumed that H4 is verified.

At the same time, in order to more intuitively show the adjustment effect of marketization process on corporate social responsibility and organizational performance, this paper describes the corporate social responsibility to organizational performance under different marketization processes based on the mean below and above a standard deviation. The difference in impact, the specific adjustment effect is shown in Figure 2.

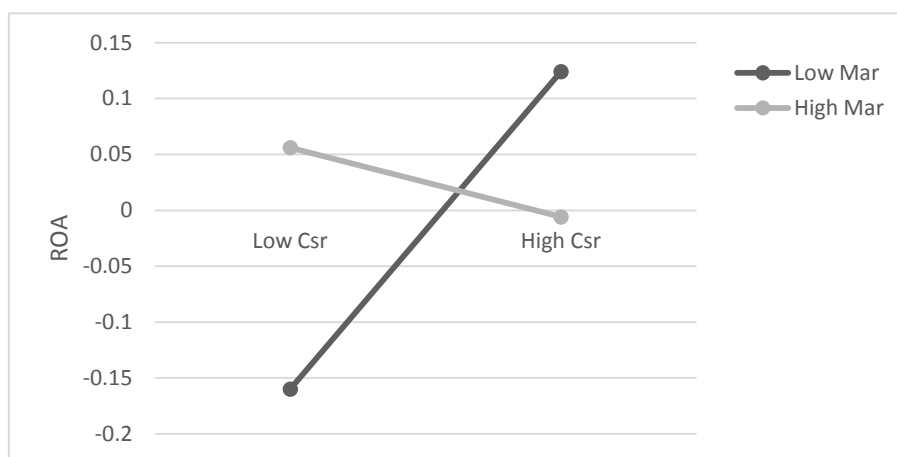


Figure 2: Adjustment effect test chart

As can be seen from Figure 2, compared with the enterprises in the process of high marketization, those enterprises in the environment of low marketization process, with the improvement of the level of corporate social responsibility performance, the performance of enterprises also rises correspondingly; In a market-oriented competitive environment, the impact of corporate social responsibility on corporate performance is negative. This means that the marketization process can affect the role of corporate social responsibility in organizational performance and regulate the relationship between the two.

4.3.4. Adjusting the Mediation Effect Test

Table 5 uses the SPSS Process confidence interval macro to perform bootstrapping analysis of mediation effects verification. It can be seen from the table that the mediation effect of internal control of the organization affecting organizational performance through organizational social responsibility is -0.008, the standard error is 0.005, and the confidence interval is [-0.019, 0.009]. The direct effect of internal control of enterprises on organizational performance is -0.010, the standard error is 0.004, and the confidence interval is [-0.018, -0.003]. Since the confidence interval of the above effects does not contain zero, the corporate social responsibility plays a part in the internal control of the organization and the role of enterprise performance. The effect, research hypothesis 3 was verified.

Table 5: Bootstrapping analysis of the intermediary effect of CSR

Dependent variable	Effect type	Effect size	standard error	95% confidence interval	
				Low	High
ROA	Indirect effect	-0.008	0.005	-0.019	0.009
	Direct effect	-0.01	0.004	-0.018	-0.003
	Full effect	-0.018	0.007	-0.033	-0.005

This study uses multiple regression analysis and SPSS Process confidence interval macro program to further verify the adjustment effect of marketization process in the internal control of enterprise and the role of corporate social responsibility in organizational performance, and the mediating effect of the overall research model. The Bootstrap test is performed by the Process plug-in to directly obtain the conditional indirect effect under different values of the manipulated variable, as shown in Table 5.

The right half of the above table reports the relevant decision indicator value INDEX obtained from the SPSSProcess operation. Namely: the marketization process has a regulatory effect on the indirect relationship between the internal control of the enterprise and the organizational innovation through the influence of corporate social responsibility, which is -0.0086, the standard error is 0.0029, and the confidence interval is [-0.0149, -0.0033], because the above confidence interval is not including the zero point, the marketization process regulates the indirect effect of internal control of the enterprise on its overall performance through corporate social responsibility.

Table 6: Bootstrapping analysis of mediated effects

The dependent variable	Conditional indirect effect					Mediating variable with regulation			
	Adjust variable	Effect	Standard error	95% confidence interval		index	Standard error	95% confidence interval	
				Lower limit	Higher limit			Lower limit	Higher limit
MAR	Low	0.0147	0.005	0.0052	0.0247	-0.0086	0.0029	-0.0149	-0.0033
	High	-0.0025	0.0033	-0.0104	0.0026				

From the analysis of the conditional indirect effect on the left part of the above table, it can be seen that when the marketization process is low, the indirect effect of corporate internal control on organizational performance through corporate social responsibility is 0.0147, and the confidence interval is [0.0052, 0.0247]. Does not include "0", so achieves a significant level; when the level of marketization process is higher, the corresponding indirect effect value is -0.0025, the confidence interval at 95% level is [-0.0104, 0.0026], and the confidence interval contains "0", did not reach a significant level. It indicates that when the value of the marketization process of the regulatory variables is different, the internal control of the enterprise receives different degrees of adjustment effects through the indirect effects of corporate social responsibility on organizational performance. Further analysis shows that with the improvement of marketization process, the mediating effect of corporate social responsibility on the relationship between internal control level and organizational performance is weakened, so it is assumed that H5 is verified.

5. Conclusion

5.1. Research Conclusions and Implications

This study selects the relevant data of 241 companies in the high-tech industry listed on the A-share market from 2013 to 2017 as a research sample. Based on the principal-agent theory and stakeholder theory, the paper discusses the impact of internal control on performance and clarifies the enterprise. The mechanism of social responsibility and marketization process, the empirical research results of this paper show that:

1. The quality of internal control of the company is positively correlated with the performance level of listed companies. The performance of listed companies with high internal control quality is significantly higher than that of enterprises with low internal control quality. This is because the perfect internal control system can avoid the various losses caused by low management efficiency and reduce the agency cost in the business process, which is beneficial to the enterprise to obtain more resources from the outside and to facilitate the internal and external resources to generate higher. Economics and improve corporate performance.
2. The quality of internal control of enterprises is positively related to the performance of corporate social responsibility of listed companies. Internal control promotes the implementation of corporate risk management and control measures to enhance the willingness to fulfill corporate social responsibility. According to stakeholder theory, companies with high-quality internal controls can often create an honest and reliable investment environment that will increase stakeholder loyalty and trust, and appeal to all sectors of society to respond positively.
3. The level of corporate social responsibility performance affects the effect of internal control on corporate performance. Supervise the corporate social responsibility commitment and weigh the legitimate rights and interests of stakeholders, enhance market competitiveness and promote the sustainable development of enterprises.
4. The marketization process has a regulating effect on corporate social responsibility performance and corporate performance. In China, the quality of the external business environment in which a listed company is located depends mainly on the level of marketization. In areas with low marketization process, enterprises have a stronger sense of awareness of the marketization process and have a sense of urgency to improve the corporate social responsibility system. Respond to the expectations of the society and the public for the company, promote the better development of the company and achieve the company's performance goals. In the environment of high marketization, the challenges faced by enterprises are constantly changing, and the pressure of competition is constantly improving. Therefore, the effect of the enhancement of corporate social responsibility on corporate performance is weakened. Enterprises need to balance internal and external concerns and adjust strategies in a timely manner.

5.2. Recommendations

1. Improve and strengthen corporate social responsibility supervision and management.

The government needs to grasp the actual situation of the enterprise, carry out follow-up evaluation and review, praise the enterprises that play a leading role in fulfilling corporate social responsibility, criticize or punish those enterprises that evade corporate social responsibility, and is an inevitable requirement for improving the construction of corporate social responsibility system.

Whether in a region with low marketization or a high region, corporate social responsibility has a positive effect on corporate performance. First of all, by strengthening the company's own sense of social responsibility, a strong consensus is formed within the enterprise, followed by expansion to the outside of the enterprise, supervision among enterprises,

effective restraint by the public and public opinion, and guiding enterprises to change attitudes and concepts.

2. Develop corporate strategy based on marketization process

In areas with relatively high degree of marketization, although the market can affect the effective allocation of resources and improve the production factors, products and services required for corporate social responsibility, it promotes the better fulfillment of corporate social responsibility, but due to the improvement of marketization process, Enterprises face more external challenges. Internal contradictions have become increasingly prominent. On the whole, the role of corporate social responsibility in promoting corporate management has weakened. Therefore, accelerating the marketization process in the region has put forward higher requirements for corporate governance. Enterprises must not only actively fulfill their corporate social responsibilities, but also enhance their comprehensive capabilities and meet the inherent requirements of sustainable development.

3. Research limitations and future prospects

First of all, due to time and resource constraints, this paper only collects relevant data of high-tech industries, and future research can expand the research industry. Secondly, this paper chooses social responsibility and marketization to measure the relationship between internal control and performance. In the future, it is necessary to study the mechanism of the internal and external variables of other firms on the relationship between internal control and performance.

References

- [1] Sahabi Ibrahim, Gordon Diibuzie, Mohammed Abubakari: The Impact of Internal Control Systems on Financial Performance: The Case of Health Institutions in Upper West Region of Ghana. *International Journal of Academic Research in Business and Social Sciences*, Vol.7 (2017) No.4, p.684-696.
- [2] Gady Jacoby, Yingqi Li, Tianze Li, Steven Xiaofan Zheng: Internal Control Weakness, Investment and Firm Valuation. *Finance Research Letters*, Vol. 25 (2018) No.2, p.165-171.
- [3] Mei Cheng, Dan Dhaliwal, Yuan Zhang: Does Investment Efficiency Improve after the Disclosure of Material Weaknesses in Internal Control over Financial Reporting. *Journal of Accounting and Economics*, Vol. 3 (2013) No.1, p.1-18.
- [4] Mary Jane Lenard, Karin A. Petruska, Pervaiz Alam, Bing Yu: Internal Control Weaknesses and Evidence of Real Activities Manipulation. *Advances in Accounting, in Incorporating Advances in International Accounting*, Vol. 4 (2016) No.8, p.47-58.
- [5] He,L, Thornton,D.B: The Impact of Disclosures of Internal Control Weaknesses and Remediations on Investors' perceptions of Earnings Quality. *Accounting Perspectives*, Vol.12 (2014) No.2, p.101-140.
- [6] Yang Songling, Jie Xi, Zhang Weiyang: Research on the Relationship between Internal Control Quality and Enterprise Value of Central Enterprises Holding Listed Companies. *Economic Management*, Vol.36 (2014) No.7, p.90-98.
- [7] Zhao Shuwen, Zhou Ruru: Empirical Study on Five Elements of Internal Control of Central Enterprises and Enterprise Performance. *Journal of Xi'an University of Finance and Economics*, Vol.31 (2018) No. 3, p.13-19.
- [8] Hang Jianmin, Zhao Runxiang, Wu Yingxin: Empirical Analysis of Correlation between Internal Control Quality and Corporate Performance. *Journal of Dalian Maritime University (Social Science Edition)*, Vol.13 (2014) No. 4, p.40-46.
- [9] Miao Yujun: Enterprise Internal Control, Financial Performance and Social Responsibility – An Empirical Study from Listed Companies in Information Transmission, Software and Information Technology Services. *Friends of Accounting*, Vol.12 (2017) No.7, p.50-56.

- [10] Zhong Kai, Lu Jie, Cheng Xiaoke: Internal Control Construction and Enterprise Innovation Investment: Promoting or Suppressing? - Economic Consequences of China's 'Sabans' Act. Securities Market Herald, (2016) No.9, p.30-38.
- [11] Wang Yunchen, Ji Dong, Gong Yifei: Does enterprise internal control improve R & D efficiency? Securities Market Guide, (2015) NO.1, P.39-45.
- [12] Bowen: Social Responsibilities of the Businessman (Harper & Brothers, New York 1953).
- [13] Davis K: Can Business Afford to Ignore Social Responsibilities? California Management Review, Vol.2 (1960) No.3, p.70-76.
- [14] Lorenzo Sacconi: A Rawlsian View of CSR and the Game Theory of its Implementation. Corporate Social Responsibility and Corporate Governance, Vol.3 (2012) No.3, p.157-193.
- [15] Qu Xiaohua: Interactive Research on the Evolution of Corporate Social Responsibility and Enterprise's Benign Behavior Response. Management Modern, Vol.5 (2003) N0.4, p.13-16.
- [16] Jean B. McGuire, Alison Sundgren, Thomas Schneeweis: Corporate Social Responsibility and Firm Financial Performance, Academy of Management, Vol.31 (1988) No.4, p.854-872.
- [17] Li Honggui: On the Social Responsibility of Modern Enterprises. Journal of Tianjin University of Finance and Economics, (1995) No.3, p.39-41.
- [18] Xu Guanghua, Chen Lianghua, Wang Lanfang: Strategic Performance Evaluation Model: Research on Corporate Social Responsibility Embeddedness. Management World, Vol.11 (2007) No.25, p.166-167.
- [19] He Jie, Zeng Zhaoxi: The Conflict and Integration of Enterprise Stakeholder Theory and Traditional Enterprise Theory - The Establishment of a Basic Analysis Framework of Corporate Social Responsibility. Management World, (2010) No.12, p.176-177.
- [20] Li Zhibin, Zhang Tiesheng: Internal Control, Property Rights and Social Responsibility Information Disclosure—Evidence from Chinese Listed Companies. Accounting Research, (2017) No.10, p.86-93.
- [21] Zhang Litao, Wang Jianling: The Influence of Internal Control Quality of Listed Companies on Corporate Social Responsibility Performance Level. Journal of Northwest University (Philosophy and Social Sciences), Vol.46 (2016) No.5, p.55-62.
- [22] Wang Qinggang: Research on Risk Control in Corporate Social Responsibility Management—Taking BJNY Group's Environment, Health and Safety Management as an Example. Accounting Research, (2012) No.10, p.54-65.
- [23] Wang Haibing, Han Bin: Social Responsibility, Internal Control and Corporate Sustainability: An Empirical Analysis Based on A-share Main Board Listed Companies. Journal of Beijing Technology and Business University (Social Science Edition), Vol.31 (2016) No.1, p.75-84.
- [24] Jiang Jie, Li Zuozhi: Research on the Relationship between Corporate Social Responsibility and Performance in Equipment Manufacturing Industry—Based on the Moderating Role of Technological Innovation Investment. Journal of Southeast University (Philosophy and Social Sciences), Vol.19 (2017) No.6, p.134 -137.
- [25] Yijing Wang, Guido Berens: The Impact of Four Types of Corporate Social Performance on Reputation and Financial Performance. Journal of Business Ethics, Vol.31 (2015) No.2, p.337-359.
- [26] Xu Zhengliang, Liu Na: Research on the Integration of Corporate Social Responsibility and Corporate Strategic Goal Management Based on Sustainable Development. China Industrial Classics, Vol.12 (2008) No.9, p.129 -140.
- [27] Hongdi Wang, Weisheng Lu, Meng Ye, K.W. Chau, Xiaoling Zhang: The curvilinear relationship between corporate social performance and corporate financial performance—Evidence from the international construction industry. Journal of Cleaner Production, (2016) No.137, p.1313-1322.
- [28] Fan Gang, Wang Xiaolu, Ma Guangrong: Contribution of China's Marketization Process to Economic Growth. Economic Research, (2011) No.9, p.4-16.

- [29] Morten Balle Hansen: Marketization and Economic Performance. *Public Management Review*, Vol.12 (2010) No.2, p.256-274.
- [30] Lv Chaofeng, Zhu Dandan: How does Marketization Reform Affect Long-term Economic Growth?—Analysis Based on Market Potential Perspective. *Management World*, (2016) No.2, p.32-44.
- [31] Dai Kuizao, Liu Youjin: Marketization Process and Innovation Performance of the Industry—Empirical Analysis of China's High-tech Industry. *The Journal of Quantitative & Technical Economics*, (2013) No.9, p.37-54.
- [32] Shahbaz Sheikh: Corporate Social Responsibility, Product Market Competition, and Firm Value. *Journal of Economics and Business*, (2018) No.98, p.40-55.
- [33] Li Zhibin: Internal Control and Environmental Information Disclosure — Empirical Evidence from Chinese Manufacturing Listed Companies. *China Population, Resources and Environment*, Vol.24 (2014) No.6, p.77-83.
- [34] Wang Xixia, Xu Xiaodong, Wang Ji: Public Pressure, Social Reputation, Internal Governance and Corporate Environmental Information Disclosure—Evidence from Chinese Manufacturing Listed Companies. *Nankai Management Review*, Vol.16 (2013) No.2, p.82-91.
- [35] Tang Tian, Qi Xiangqin, Wang Nan: Internal Control, Marketization Process and Environmental Information Disclosure—Empirical Tests from Listed Companies in China's Paper Industry. *Contemporary Economy*, (2019) No.11, p.134-136.
- [36] Liu Jianqiu, Zhu Yixiang: Research on the Influence of Controller Reputation on Corporate Social Responsibility. *Journal of Hunan Finance and Economics College*, (2017) No.1, p.104-113.