INFLUENCING CORPORATE CULTURE ON INTERNAL CONTROL IN COMMERCIAL FIRMS

a Thi Huong Nguyen, b The Nu Tran, c Minh Thanh Do, d Duc Dinh Truong, e Duc Tai Do

ABSTRACT

Objective: Corporate culture is the perception, behavior, communication style, and qualities that are unique to a firm. One of the core factors that makes a firm successful is its corporate culture. The article aims to determine the corporate culture factors and their influence on internal control in commercial firms in Hanoi.

Method: The major method of study used by the author is a combination of quantitative and qualitative methodologies. Scale adjustments are made via qualitative research. The model is examined, measured, and tested using quantitative research. We use primary data from a survey of commercial enterprises in Vietnam. The research sample is 225 and is analyzed using regression models.

Results: Research results have determined that corporate culture factors, including collaborative culture, hierarchical culture, and competitive culture (sig. = 0.000 < 0.05), affect positive internal control in commercial enterprises in Hanoi.

Conclusions: The article is based on the empirical data collected from various types of participants, including accountants (for information provision), managers (for decision-making), sales staff (for work), and lecturers (for research) in Vietnam. By drawing the concept from previous research, the study explores corporate culture as an internal control determinant. The study contributed to a theoretical enhancement of the current level of knowledge on the factors that affect internal control and developed a reliable scale for measuring the corporate culture and internal control of commercial firms in Hanoi, Vietnam. Besides, our study emphasizes that the corporate culture in commercial enterprises in Hanoi needs improvement to support internal control. Policymakers are required to make strategic efforts for internal control system reform in firms to increase the likelihood of business performance. The value of the study is that it provides an expansion of the corporate culture factors that influence internal control in commercial firms in Hanoi, thereby proposing governance implications for the business leaders of these firms to improve internal control. Besides, research results provide useful references for research on related issues.

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RESUMO

Objetivo: A cultura corporativa é a percepção, o comportamento, o estilo de comunicação e as qualidades exclusivas de uma empresa. Um dos fatores centrais que torna uma empresa bem-sucedida é sua cultura corporativa. O artigo visa determinar os fatores da cultura corporativa e sua influência no controle interno em empresas comerciais em Hanói.

Método: O principal método de estudo utilizado pelo autor é uma combinação de metodologias quantitativas e qualitativas. Ajustes de escala são feitos através de pesquisa qualitativa. O modelo é examinado, medido e testado usando pesquisa quantitativa. Usamos dados primários de uma pesquisa de empresas comerciais no Vietnã. A amostra para pesquisa é de 225 e é analisada por meio de modelos de regressão.

Resultados: Os resultados da pesquisa determinaram que os fatores da cultura corporativa, incluindo a cultura colaborativa, a cultura hierárquica e a cultura competitiva (sig. = 0,000 < 0,05), afetam o controle interno positivo em empresas comerciais em Hanói.

Conclusões: O artigo baseia-se nos dados empíricos coletados de vários tipos de participantes, incluindo contadores (para prestação de informações), gerentes (para tomada de decisões), equipe de vendas (para trabalho) e professores (para pesquisa) no Vietnã. Desenhando o conceito de pesquisa anterior, o estudo explora a cultura corporativa como determinante do controle interno. O estudo contribuiu para uma melhoria teórica do atual nível de conhecimento sobre os fatores que afetam o controle interno e desenvolveu uma escala confiável para medir a cultura corporativa e o controle interno de empresas comerciais em Hanói, Vietnã. Além disso, nosso estudo enfatiza que a cultura corporativa em empresas comerciais em Hanói precisa de melhorias para apoiar o controle interno. Os legisladores são obrigados a envidar esforços estratégicos para a reforma do sistema de controlo interno nas empresas, a fim de aumentar a probabilidade do desempenho das empresas. O valor do estudo é que ele fornece uma expansão dos fatores de cultura corporativa que influenciam o controle interno em empresas comerciais em Hanói, propondo, assim, implicações de governança para os líderes empresariais dessas empresas para melhorar o controle interno. Além disso, os resultados da investigação fornecem referências úteis para a investigação sobre questões relacionadas.

Palavras-chave: controle interno, cultura corporativa, influência, empresas comerciais, auditoria.

1 INTRODUCTION

According to Nguyen and Pham (2018), organizational culture is considered an intangible asset of the organization, contributing to its strength and competitive advantage. Organizational culture is also an important and indispensable tool in executive management. An organization with a strong culture that is consistent with the
organization's long-term goals and strategies will create employee pride in the organization, from which every member will always live and strive hard for the general goals of the organization. A strong culture also makes the organization easier to manage and makes employees more comfortable and engaged at work, improving productivity and efficiency and creating a competitive advantage for the organization.

Internal control plays an important role in reducing risk and thereby helping firms ensure the reliability of their financial statements and compliance with laws and government regulations (Rönkkö et al., 2018). In addition, internal control plays an extremely important role for the enterprise, such as (i) With the goal of protecting the assets of the enterprise, internal control detects damages, errors, and violations in the use of the assets of the enterprise. From there, internal control proposes measures to protect assets more effectively and rationally use the assets of the enterprise. (ii) Internal control maintains and checks compliance with policies related to the activities of the enterprise, prevents fraud, and timely detects errors in all activities of the enterprise. Internal control will detect incorrect or unreliable information, and business managers will base their decisions on that to determine the situation of the business, thereby building a development strategy. develop the company more rationally. (iii) Internal control also helps managers review the operational efficiency and management capacity of the enterprise, find out weaknesses in the management capacity that make the business inefficient, and thereby suggest measures to improve the situation. Besides, according to Muhtar et al. (2023), the implementation of the internal control system also still has significant weaknesses that have not improved from 2010–2018. This internal control weakness positively affects corruption.

According to Rönkkö et al. (2018), about half of businesses do not voluntarily carry out internal control operations. As a result, numerous studies have been conducted to determine the variables influencing firms' internal control operations in numerous nations (Jokipii, 2010).

It can be seen that the commercial and service sectors play a particularly important role in the economic development structure of Hanoi City, and firms in the industry have created jobs for a large number of workers in the capital and provinces. The field of trade in services has developed strongly, but in reality, there are still many unsustainable factors. Especially, enterprises operating in the industry still have many limitations, such as small scale, poor service quality, weak competitiveness, being very vulnerable to great
competitive pressure, changing environments, mechanisms, and policies, and a high risk of bankruptcy if there is no appropriate adaptation. Therefore, this firm needs to have an understanding of and choose to apply appropriate management methods to improve management quality, thereby improving operational efficiency, competitiveness, and development sustainability in a business environment where change is always rapid. One of those measures is to improve internal control and evaluate and measure the influence of factors on internal control, including corporate culture.

Internal control increases the transparency of firms’ financial statements (Pham, 2019) and encourages improved performance by private firms in Vietnam (Le et al., 2022). Ownership structure, firm size, and director characteristics affect internal control (Do, 2022). However, there are no adequate studies on the influence of corporate culture factors on internal control. Studying the factors affecting internal control in general and the influence of corporate culture on internal control in particular is important in terms of policy implications because it provides useful information for Researchers and regulators to gain a better understanding of practice.

Starting from the gap as well as the importance of the research topic, this article will measure the influence of corporate culture factors on the internal control of commercial enterprises in Hanoi. More specifically, with the data obtained from the survey, the main objective of the article is to measure whether corporate cultural factors such as cooperative culture (VHH), hierarchical culture (VHT), and competitive culture (VHC) have an impact on internal audit. The article uses primary survey data from our survey results. Reliability analysis through Cronbach’s Alpha coefficient, EFA analysis, and linear regression model analysis are used for the article with the aim of describing the current status of the influence of corporate culture on internal control in relation to the characteristics of commercial enterprises in the survey sample.

Therefore, the purpose of this research is to discuss the effect of the corporate culture factors and their influence on internal control in commercial firms in Hanoi and to analyze and evaluate which factors have the most impact on internal control, as well as the level of influence of each factor. The papers give some suggestions for making appropriate recommendations for enhancing internal control in commercial firms.

To conduct this research, the theoretical framework is based on previous studies. From the research gap, the paper presents the following research questions:
RQ1: Does the cooperative culture (VHH) have a positive relationship with the internal control of commercial enterprises in Hanoi?

RQ2: Does hierarchical culture (VHT) have a positive impact on the internal control of commercial enterprises in Hanoi?

RQ3: Does the competitive culture (VHC) have a positive impact on the internal control of commercial enterprises in Hanoi?

In addition to the introduction, the paper includes the following sections: Section 2 presents an overview of the literature and develops research hypotheses. Section 3 describes the data and research methods. Research results and discussions are reported in Section 4. Section 5 is the conclusion, with policy recommendations drawn from the article and related legal documents.

2 THEORETICAL FRAMEWORK
2.1 INTERNAL CONTROL

According to the internal control document framework and some quantitative studies such as COSO (1992), COSO (2013), etc. Internal control includes five components simultaneously: control environment, risk assessment, control activities, information and communication, and monitoring.

In Vietnam, in 2001, the Ministry of Finance issued VSA 400, Risk assessment and internal control. Accordingly, internal control is understood as the rules and control procedures developed and applied by the audited entity to ensure the entity's compliance with laws and regulations, to inspect, control, prevent, and detect fraud and errors, to prepare true and fair financial statements, and to protect, manage, and effectively use the assets of the entity. Theo VSA 400, coi kiểm soát nội bộ là một hệ thống và nhấn mạnh đánh giá rủi ro. In 2012, the Ministry of Finance issued VSA 315, whereby internal control is viewed as the process designed, implemented, and maintained by those charged with governance, management, and other individuals within the entity to provide reasonable assurance about the ability to achieve its objectives. the entity's objectives in ensuring the reliability of financial statements, efficiency and performance, and compliance with relevant laws and regulations. According to the Law on Accounting of Vietnam (National Assembly, 2015), internal control is understood as the establishment and organization of implementation within the accounting unit of internal mechanisms, policies, processes, and regulations in accordance with the provisions of the law in order to ensure the timely prevention, detection, and handling
of risks and to meet the set requirements. Internal control in enterprises is an internal control mechanism to prevent conflicts of interest, make business operations transparent, and build a healthy business culture in Vietnam (VCCI, 2019).

In Vietnam, there have been many research studies on internal control in different industries and fields. Enterprises under the Vietnam Forestry Corporation; Nguyen (2019): Public career field; Hoang (2022): Road traffic enterprises; Tran and Tran (2021): Textile enterprises; Nguyen et al. (2021): Vietnam Joint Stock Company, etc. The authors based their opinion on the report on internal control of COSO (1992, 2013) and had the same opinion that internal control consists of five components: Control environment, risk assessment, control activities, information and communication, and monitoring. According to Nguyet et al. (2023), internal control is the set of policies, processes, and procedures implemented and maintained by management, directors, and other individuals in the design unit to provide reasonable assurance about the entity's ability to achieve its objectives. Internal control is a regular function of units and organizations on the basis of work in order to find measures to prevent failure to implement all set goals effectively. Besides, internal control is the design and execution of essential control systems and procedures to mitigate the effects of potential risks. Management is responsible for establishing a successful internal control system as well as operating and monitoring it as necessary (Tien & Thanh, 2023).

2.2 CORPORATE CULTURE AND INTERNAL CONTROL

There are many different interpretations of organizational culture, such as: Corporate culture consists of basic values and beliefs that provide the foundation for managers to develop activities and behaviors to reinforce the fundamental principles of the organization. Corporate culture gives its members an identity, encourages collective contribution, enhances stability, provides direction, and shapes organizational behavior (Kreitner et al., 1998).

In the world, the topic of corporate culture or organizational culture has been mentioned a lot in research on management science and change management, such as the studies of Bernard (1938) and Selznick (1957).

Management control systems need to be designed to accommodate cultural characteristics (Chenhall, 2003).

Lund (2003) defines organizational culture as the sharing of philosophies, ideals,
values, assumptions, beliefs, expectations, attitudes, and norms in the organization among employees in the organization. Organizational culture is seen as the personality of that organization. According to Robbins & Judge (2005), organizational culture is viewed as a system of common meanings shared by members of an organization. Alvesson & Sveningsson (2008) argue that, when it comes to organizational culture, we are usually interested in the following characteristics: (i) Organizational culture is what happens around us and involves many individuals. core; (ii) Historical and traditional organizational culture; (iii) Culture is inert and difficult to change; (iv) Culture is ambiguous and difficult to grasp; (v) Culture refers to ways of thinking, values, and ideas rather than what we easily observe.

Cameron and Quinn (2011), based on the theory of competitive value frameworks, define corporate culture with four different criteria: (i) Collaborative culture: It is like a family organization, with the characteristics of working in groups and participating in programs. It is a place where there is a sociable working environment, prioritizing the spirit of cooperation, teamwork among employees, and willingness to share everything. (ii) Creative culture: Creating factors to promote initiative and difference; creating a creative and dynamic working environment; demonstrating a high focus on long-term results; leading the market as a core value. (iii) Hierarchical culture: The foundation of the enterprise is based on the strict implementation of the strict system of rules, principles, and processes of the enterprise, demonstrating that the maintenance, achievement, and effective operation of the enterprise results are long-term goals; assurance and predictability of durable clothing are core cultural values. (iv) Competitive culture: The path to prosperity and corporate culture comes from determining the right competitiveness, setting goals, and setting requirements towards goals and results. By all means, demonstrating leadership in the market is important for building a reputation and affirming success.

If corporate culture emphasizes openness, transparency, and equality, the credibility of the control system will increase (Fauzi et al., 2011). Corporate culture influences the management control system (Batool, 2011).

Corporate culture has been shown to influence innovation, performance, financial performance, growth, adaptation, and survival in competitive markets (Costanza et al., 2015; Naqshbandi et al., 2015). Scholars in the fields of human resource management and organizational psychology have begun to turn their attention to the influence of culture
on turnover rates, intention to leave, commitment to innovation, loyalty, and the attachment of employees (Al-Sada et al., 2017; Diamantidis & Chatzoglou, 2019).

Organizational socialization theory is applied in many fields of research. Socialization is generally understood as a learning process through which an individual develops as a social entity and as a member of a society or group (Brim, 1968). The theory of organizational socialization allows us to explain how corporate culture affects employees, especially new employees joining the enterprise.

O'Reilly and Chatman (1996), based on the theory of social control, examined the influence of corporate culture on employee behavior. Corporate culture is seen as a system of social control over organizational members based on the establishment of values and standards to ensure that individuals in the organization act consistently.

Social exchange theory often appears in the literature on the relationship between workers and employers, or organizations, and explains this relationship based on the principle of reciprocity between the two parties. (Saks, 2019). The Social Exchange Theory allows us to explain the process of forming employee engagement based on corporate culture. The social relationship between employees and enterprises is formed and developed over a long period of time after employees join the organization.

The concept of quality management in combination with changes in organizational culture is effective for the development of modern enterprises in developing countries (Gladilina et al., 2023).

Based on the above analysis and expert opinion interviewed, we propose the following hypotheses:

H1: Cooperative culture (VHH) has a positive influence on the internal control of commercial enterprises in Hanoi.

H2: Hierarchical culture (VHT) has a positive influence on the internal control of commercial enterprises in Hanoi.

H3: Competitive culture (VHC) has a positive influence on the internal control of commercial enterprises in Hanoi.
3 METHODOLOGY

3.1 RESEARCH SAMPLES AND DATA COLLECTION

The population observed was commercial firms in Hanoi City from 2021 to 2023. The reason for choosing commercial firms is because the number of commercial firms in this sector is higher than in any other sector.

Commercial firms were included in the multi-industry commercial enterprise based on data from statistical agencies.

The sample selection uses the purposive sampling method, which is the method that determines the sample that provides the data or information needed. This study analyzes data using survey results and SPSS software. The sample selection criteria are commercial firms that have been in business for 5 years or more and provided the complete information needed. The total number of questionnaires used for analysis was 225. This size is accepted under the view of Hair et al. (2006) \((n = 50 + 8 \times m = 50 + 8 \times 12 = 146)\). 90% of the participants have 2-year experience with a minimum of a Bachelor's degree. As inferred, all respondents have reasonable knowledge of internal control and corporate culture, ensuring the reliability of the survey’s answers.

3.2 IMPLEMENTATION PROCESS

Creswell's (2003) processes were used for the processing of data and adjusted with Ground theory adjustments to ensure that the results were reliable. It includes (i) a look into similar studies to be able to find niches missed and synthesize a theoretical framework; (ii) data collection and processing consisting of interview handling, questionnaire conception, data collection, analysis, and summary to obtain inferences; and (iii) data gathering and sorting for quantitative research for the continuance of the survey. Through the use of the data gathered and theoretical backgrounds, measurement of the influence of corporate culture on internal control in commercial firms in Hanoi by applying Cronbach’s Alpha, EFA, and multi-variable regression methods; (iv) Linkage, assessment, integration, and examination of quantitative and qualitative research results to provide a complete footing on the influence of corporate culture on internal control in commercial firms in Hanoi.

3.3 RESEARCH MODEL

From the above analysis, inheriting the results of previous studies, we design a
research model (see figure 1).

![Figure. 1. Research model](image)

**Dependent variable:** Internal control in aquaculture firms in Vietnam (KSNB), including 5 items (Nguyen, 2023).

**Independent variables:** There are 3 independent variables, including 12 items.

### 4 RESULTS AND DISCUSSION

#### 4.1 THE QUALITY SCALE ANALYSIS RESULT

When utilizing scale analysis, only variables with Cronbach's alpha coefficients equal to or higher than 0.6 and total correlation coefficients (corrected item-total correlation) larger than 0.3 are acknowledged, according to Hoang & Chu (2008) and Hair et al. (2010). Internal control (five components) is influenced by analysis through the investigation of Cronbach's alpha determinant (in this case study, corporate culture), as shown in Table 1 below:

<table>
<thead>
<tr>
<th>Determinants</th>
<th>N</th>
<th>Cronbach’s Alpha</th>
<th>Corrected Item-Total Correlation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cooperative culture (VHH)</td>
<td>4</td>
<td>0.885</td>
<td>0.712</td>
</tr>
<tr>
<td>Hierarchical culture (VHT)</td>
<td>4</td>
<td>0.873</td>
<td>0.682</td>
</tr>
<tr>
<td>Competitive culture (VHC)</td>
<td>4</td>
<td>0.873</td>
<td>0.677</td>
</tr>
</tbody>
</table>

Table 1 shows that the differences in the correlation of observed variables are above 0.3 and that all Cronbach's alpha coefficients are over 0.6. The components advance to the following step of analysis.

**Dependent variable** (KSNB): Internal control in commercial firms in Hanoi; Cronbach’s alpha is 0.888; corrected item-total correlation is 0.702; and n = 5 (Vu et al.,...
4.2 EXPLORATORY FACTOR ANALYSIS (EFA)

Component analysis and the coefficient extraction method of variance were used to conduct EFA. According to the findings, there are 12 qualities for independent variables.

Table 2. KMO and Bartlett’s Test

<table>
<thead>
<tr>
<th>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</th>
<th>Bartlett's Test of Sphericity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
<td>Approx. Chi-Square</td>
</tr>
<tr>
<td>.916</td>
<td>1,635.708</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors and SPSS software

According to Table 2’s findings, 0.5 < KMO = 0.916 < 1. According to Barlett’s evidence, sig. = 0.000 < 0.05 indicates that there is a correlation between all of the variables. Three components with factor load factors more than 0.5 have eigenvalues greater than 1 after the rotation matrix has been run, and the explained variance is 73.681% (see table 3). It demonstrates the suitability of factor discovery driven by data. We find three elements that affect internal control in commercial firms in Hanoi through the quality control of the scale and the test of the EFA (Hoang & Chu, 2008; Hair et al., 2010).

Table 3: Total Variance Explained

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative</td>
</tr>
<tr>
<td>2</td>
<td>1.354</td>
<td>11.279</td>
<td>64.342</td>
</tr>
<tr>
<td>3</td>
<td>1.121</td>
<td>9.339</td>
<td>73.681</td>
</tr>
<tr>
<td>4</td>
<td>0.518</td>
<td>4.319</td>
<td>78.001</td>
</tr>
<tr>
<td>5</td>
<td>0.475</td>
<td>3.962</td>
<td>81.963</td>
</tr>
<tr>
<td>6</td>
<td>0.413</td>
<td>3.438</td>
<td>85.401</td>
</tr>
<tr>
<td>7</td>
<td>0.357</td>
<td>2.973</td>
<td>88.374</td>
</tr>
<tr>
<td>8</td>
<td>0.326</td>
<td>2.713</td>
<td>91.087</td>
</tr>
<tr>
<td>9</td>
<td>0.299</td>
<td>2.496</td>
<td>93.582</td>
</tr>
<tr>
<td>10</td>
<td>0.276</td>
<td>2.301</td>
<td>95.884</td>
</tr>
<tr>
<td>11</td>
<td>0.260</td>
<td>2.166</td>
<td>98.050</td>
</tr>
<tr>
<td>12</td>
<td>0.234</td>
<td>1.950</td>
<td>100.000</td>
</tr>
</tbody>
</table>

Source: Elaborated by the authors and SPSS software
4.3 RESULT OF REGRESSION MODEL ANALYSIS

We have a multiple regression model based on the adjusted model following the execution of EFA:

\[ KSNB = \alpha + \beta_1 VHH + \beta_2 VHC + \beta_3 VHT \]

Data in Tables 4-6 demonstrate that all variance inflation factors (VIFs) tested for multicollinearity in separate samples are less than 3, indicating a low level of multicollinearity (Hoang & Chu, 2008; Hair et al., 2010). As a result, the model maintains the classic linear regression model (CLRM) fundamental premise.

The level of significance (Sig.) = 0.000 in the ANOVA results indicates that the data are appropriate for the multi-regressional method. According to Hoang and Chu (2008) and Hair et al. (2010), the model explains 60.9% of the variation in internal control in commercial firms in Hanoi, with an \( R^2 \) of 0.609.
Results from the research model demonstrate that all independent variables of cooperative culture (VHH), hierarchical culture (VHT), and competitive culture (VHC) are noteworthy (because of a sig. < 0.05) for internal control in commercial firms in Hanoi (Hoang & Chu, 2008; Hair et al., 2010).

Factors influencing internal control in commercial firms in Hanoi are presented as follows:

\[ KSNB = 0.232VHT + 0.379VHH + 0.353VHC \]

The outcomes indicate that independent variables of cooperative culture (VHH), hierarchical culture (VHT), and competitive culture (VHC) are significant (Sig. < 0.05) to internal control in commercial firms in Hanoi (Hoang & Chu, 2008; Hair et al., 2010). Therefore, hypotheses H1, H2, and H3 are accepted.

4.4 RESIDUAL ANALYSIS RESULT

Figure 2 shows the normalized residuals distributed according to the shape of the normal distribution. There is a bell curve on the figure that is a normal distribution, and the histogram corresponds to that bell curve. In addition, the mean of -1.15E-15 is approximately zero, and the standard deviation of 0.969 is approximately 1, which further confirms that the normalized residuals follow a normal distribution. A normal distribution is a distribution with a mean of 0 and a variance of 1 (Hair et al., 2010).
The Normal P-P Plot of Regression The standardized residual plot shows the assumption of a normal distribution of the residuals. Figure 3 shows that the observed and expected values are close to the diagonal, showing that the normalized residuals have a normal distribution. The P-Plot test shows the values of the percentiles of the variable's distribution according to the percentiles of the normal distribution. Observing the level of actual points, centered close to the expected line, shows that the research data set is good; the normalized residuals have a distribution close to the normal distribution (Hair et al., 2010).
Regarding the assumption of a linear relationship, the method used is the scatterplot plot. Figure 4 shows that the Regression Standardized Residual does not change in any order for the Regression Standardized Predicted Value. Hence, the assumption of a linear relationship is not violated. This means that the normalized prediction value is the normalized value of the dependent variable, and the normalized residual is the normalized value of the residual. Thus, the dependent variable has no relationship with the residual (Hair et al., 2010).

![Figure 4. Regression Standardized Predicted Value](image)

Source: Elaborated by the authors and SPSS software

4.5 DISCUSSIONS

Cooperation culture has a positive influence on internal control, with a standardized regression coefficient of 0.379. A collaborative culture of introspection, close cohesion, harmony, and support for all members of the enterprise as a family upholds ethical values, thereby creating an attitude among members that has a positive influence on the firm. Collaborative culture requires the trust of the firm for the contributions of all members, thereby helping to improve open communication and participation by all members. This culture, associated with group activities, members' participation, open communication, satisfaction, and commitment to the attachment and contribution of members to the organization, often limits control activities. It shows the existence of a control environment within a cooperative culture. Because the culture of cooperation is inward-looking, it is necessary to strengthen internal control flexibly.

Commercial firms, when choosing a cooperative culture, should create trust in employees with their contributions and connect all members with tradition, loyalty, and
open communication to help each other, develop. The cooperative culture itself also creates an open, friendly control environment and is willing to share and help each other in processing, business, and trade activities.

The competitive culture of the enterprise has a positive influence on internal control, with a standardized regression coefficient of 0.353. Competitive culture is concerned with achievement, thus creating a competitive environment emphasizing goal accomplishment and getting work done, leading to business performance and value for shareholders in the short and medium term. It is often associated with actions such as planning, focusing on work, making highly focused decisions, and communicating performance goals clearly. All members of the organization need to clearly understand the goals and rewards when they complete the task well, so the information and communication factors are often increased and the control environment is good. In addition, all members tend to limit cooperation, sharing, and work goals, leading to potential risks that need to be identified, evaluated, and analyzed. From there, helping firms win in competition means achieving goals such as market share, profit, shareholder value, and business performance. This suggests that a control environment exists within a competitive culture. Apply this culture to commercial firms that need flexible internal control in the direction of strengthening the control environment, risk assessment, and information and communication.

Commercial firms, when choosing a competitive culture, should define goals and have a clear reward and punishment mechanism for employees who perform their work. A competitive culture emphasizes results at all costs and does not care about who does the work. Therefore, enterprises need to guide all members to achieve their work goals, such as using KPIs to measure goals, and along with that, there needs to be a reasonable reward and punishment mechanism for all members to follow. Thereby encouraging people to work hard to complete the job well, and they will receive a reward worthy of their effort.

The hierarchical culture of the enterprise has a positive influence on internal control, with a standardized regression coefficient of 0.232. A hierarchical culture is effective when it comes to control, stability, and predictability. All members of an enterprise are satisfied when their roles are clearly defined. Hierarchical culture has strict seriousness, meticulous assignment, formalization, and certainty; all members must have a high sense of compliance with procedures and policies to maintain business operations.
This suggests that a control environment exists within the hierarchical culture. Applying this culture to commercial enterprises requires strengthening risk assessment and control activities. In addition, increased monitoring is needed to confirm that policies and procedures are being implemented as intended.

When choosing a hierarchical culture, commercial enterprises need to clearly define the roles and responsibilities of their employees. The hierarchical culture itself also creates a working environment with a serious and strict employee attitude. Therefore, businesses need to pay attention to clearly delineating rights and responsibilities and authorizing each individual and group of management levels in the enterprise.

Monitoring activities at commercial firms are not yet complete, which is reflected in the construction of indicators to evaluate the work performed at enterprises. Through field observations, we found that businesses have not built a problem-solving process in service provision and sales. Problems (service failure, delayed delivery, etc.) are handled according to emotions; when the problem occurs, handle it. Furthermore, the improvement in operational processes is of little interest. Therefore, firms are passive in dealing with and overcoming the consequences. In addition, monitoring and evaluating the performance of employees and firms is infrequent or done in a way that makes no sense. For example, only recording the results of success and failure depends a lot on the emotions of the manager. Most firms do not organize employee evaluations because the firm has operated normally in the past. Therefore, managers do not feel the need to evaluate the performance of employees and the business. Meetings are usually only attended by managers and rarely by employees; issues discussed in meetings are not clearly stated; information is often not prepared in advance; and communication often places little focus on individual performance. Failure to meet a goal is usually not consequential or acceptable for a while before remedial action is taken. Proactively identifying employee weaknesses to promptly support performance improvement training received little attention.

Managers in commercial firms mainly focus on short-term goals, ignoring long-term goals. They are concerned with the goals of sales, profits, quantity of service provided and sold, and the absence of goals for quality or waste in the organization. The goals are not based on a solid economic base and the organization's resources; there is a lack of connection between the overall goals of the organization and the individual goals.
The transmission of messages and action plans for individuals to understand organizational goals and personal goals is lacking or not yet realized. Target measurement methods are complex and unclear.

The initiative in training and developing resources in the long term has not been paid attention to; the payment of salaries to employees is not associated with work efficiency; employees are only considered an input in the operation of the enterprise; and employees are not considered a resource to create advantages for the enterprise. We also found that firms lack a clear promotion system and compensation policy, especially a talent retention policy. Because of its small size, the founders are the ones who hold important management positions. Therefore, it is almost impossible for employees to advance in the service trade. In addition, not many managers use employee evaluation KPIs for salary and compensation. Instead, managers rely on subjective feelings to evaluate work, reward, and promote employees. Firms also lack a human resources plan, or it is not an important issue. Therefore, many managers are willing to let good employees leave the business if they want to work elsewhere.

5 CONCLUSIONS

This article provides initial evidence on the influence of cultural factors on internal control in commercial firms in Hanoi, Vietnam. Specifically, we test three research hypotheses about the relationship between corporate culture and internal control as measured by three independent variables: cooperative culture (VHH), hierarchical culture (VHT), and competitive culture (VHC). This study supports all three hypotheses about the positive association between corporate culture and internal control.

Internal control plays an important role in a firm. Internal control helps businesses operate more efficiently, helps firms develop and move in the right direction, and minimizes errors and risks in management as well as in the operation of an enterprise. Private enterprises and small enterprises participate less in internal control activities. Therefore, it is necessary to implement policies to propagate, support, and encourage these enterprises to carry out internal control activities. This is also considered a guideline and policy to encourage private enterprises to jointly improve the transparency and soundness of the business environment, thereby minimizing corruption and financial risks for enterprises themselves (VCCI, 2019).

In Vietnam, many banks have started to deploy digital banking services. Most
banks in Vietnam have a digitalization strategy and a digital banking development orientation (Nga & Tam, 2023). Meanwhile, most firms in general and commercial firms in particular have close relationships with banks, such as opening accounts at banks, making payments via banks, etc. Therefore, commercial firms must also accelerate digital transformation. Therefore, internal control plays an increasingly important role and supports the digital transformation process at commercial firms.

The article has certain limitations. First of all, the survey data collected and used for analysis is 225 votes, showing that the proportion of commercial enterprises in Hanoi participating in the survey is not large. Therefore, future studies need to increase both the sample size and the proportion of enterprises participating in the survey to ensure reliable research results and better generalization to the population. Moreover, this study only considers corporate culture in three aspects, while corporate culture has many different contents and aspects. This limitation also suggests that future studies need to analyze more different aspects of corporate culture affecting internal control in Vietnamese enterprises.
REFERENCES


