

Corporate Social Responsibility, Internal Control and Financial Security: A Case Study of ST in Food and Beverage Industry

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Abstract: Product safety and environmental protection have become important factors affecting the sustainable development of enterprises. Corporate social responsibility has also been paid more and more attention. However, in recent years, the safety issues in the food and beverage industry have become increasingly prominent, which has become the focus of the government and the public. The ST Company in the food and beverage industry is in a state of flux. Therefore, this article will conduct a case study of ST in the food and beverage industry to explore the internal relationship between corporate social responsibility, internal control and financial security. It is expected to provide corresponding suggestions for the food and beverage industry and promote corporate sustainability.

1. Introduction

With the popularization of social responsibility, people have gradually realized that to make enterprises maintain the momentum of sustainable development, it is no longer feasible to maximize the pursuit of benefits as the ultimate goal of business development. Product safety, environmental protection and other issues have become an important factor affecting the sustainable development of enterprises. The food and beverage industry has brought rich food to people in recent years, and it has also promoted economic development. However, due to the large number of food and beverage industry, small scale and low degree of intensification, this will inevitably lead to enterprises in themselves. There are many problems in the field of quality and safety, from the 2008 Sanlu "melamine milk powder", the 2010 "ditch oil", the 2011 "clenbuterol" and then to the 2013 duck tongue products containing cyclamate and the same year sulfur smoked "toxic ginger" push High ginger prices, etc., this series of food safety issues have been exposed, causing widespread attention from the government and the public, but also highlights the lack of social responsibility of China's food companies. Therefore, it is of great practical significance to select the ST Company in the food and beverage industry to conduct case analysis and explore the internal control and financial security issues under the direction of social responsibility.

2. Research Background

According to the "Guidelines for the Classification of Listed Companies" issued by the China Securities Regulatory Commission, listed companies have a total of 13 industry categories, including the food and beverage industry, food processing, food manufacturing and beverage manufacturing. In recent years, food safety problems have been frequently exposed, and people's attention has been continuously improved. It also highlights the lack of awareness of social responsibility in the food and beverage industry, but the research on social responsibility in the food and beverage industry is relatively less, the analysis of corporate social responsibility issues, internal control, and financial security is even more lacking. Listed companies in the food and beverage industry have the responsibility to continuously improve the quality management system, disclose environmental information, and assume social responsibility. Internal control is the main means to improve the scale

of internal management efficiency, so as to clarify the responsibilities and rights in each control link of the internal activities of the enterprise and to prevent and control enterprise risks. After the COSO integration framework was promulgated, social responsibility became an important part of the internal control of the enterprise. Financial security is a key indicator for the sustainable development of enterprises. The result of implementing social responsibility and internal control is also to ensure the financial security of the enterprise. Therefore, it can use the financial security of the enterprise to implement social responsibility and internal control. The effect is tested.

3. Case study

Effective internal control can help companies rationalize the company's governance structure and reduce operational risks. Whether to establish a scientific and efficient internal control system is directly related to the development and progress of the enterprise. The fulfillment of social responsibility as an investment in intangible assets can Enhancing corporate reputation and enhancing brand loyalty, internal control construction and fulfillment of social responsibility are not contradictory sides. The combination of the two can produce an unintended win-win effect, and the implementation effect between the two can be utilized. Financial security to test. However, companies that do not fulfill their social responsibilities will be more willing to implement a better internal control system. Under the background of the company's internal control system, whether it can improve the financial security of the company. In turn, will the improvement of financial security promote enterprises to actively fulfill corporate social responsibility and improve internal control system? This series of questions has yet to be studied.

3.1 Basic situation of the company

This article selects Jiugui Liquor Co., Ltd. for a case study. Jiugui Liquor Company is located in Xiangxi Tujia and Miao Autonomous Prefecture. It was formerly known as Jishou Distillery, which was founded in 1956. It was listed in July 1997. The company's stock is listed on the Shenzhen Stock Exchange, Securities. The code is 000799, the stock is referred to as "Alcoholic Wine". Since its establishment, it has experienced the loss of "wearing a hat" in 2014 and then taking off the hat in 2017. Its stock abbreviation has also been transformed in *ST alcoholic and alcoholic liquor many times. Nowadays, after the successful uncaptured of Jiugui Liquor Co., Ltd. in 2017, the development prospects have been favored. The products are sold well in more than 30 provinces, municipalities and autonomous regions in China, and are exported to the United States, Japan, Russia, South Korea, Southeast Asia, Hong Kong, Macao and Taiwan. Country and region. It has been protected by many national policies and has promoted the development of the local economy. It is precisely because Jiugui Liquor Co., Ltd. has a long history and experienced "wearing a hat" and then "capping a hat". Therefore, the company is more representative of the company.

Check the company's annual report for the past five years to get the following table:

1) Internal Control

Table 1. Internal control situation table

	2014	2015	2016	2017	2018
Financial report internal control defect identification and rectification	no	no	no	no	no
Non-financial reporting internal control defect identification and rectification	no	no	no	no	no
Other important matters related to internal control	no	no	no	no	no

The above-mentioned annual internal control audit report types are all standard unqualified opinions. Internal control is the basic guarantee system for the normal operation of production and business activities and the smooth realization of corporate goals. It is endogenous to enterprise management needs and has both social and technical attributes. Proof that the company pays more attention to internal control management to a certain extent, but by consulting the annual report, in 2013, during the reporting period, the company's controlling subsidiary Jiugui Liquor Supply and Marketing Co., Ltd. realized a net profit of -6,600,900 yuan. During the same period, the amount of

RMB 25,142,290 was reduced by 127.29%, mainly due to the decrease in industry adjustment income and the impact of the announcement on January 27. In the same period, the holding subsidiary Jiugui Liquor Henan Co., Ltd. realized a net profit of -43.136 million yuan, a decrease of 169.13% from the same period of the previous year -16.28 million yuan, mainly due to the increase in administrative expenses of the Henan company during the preparation period. The company's shareholding company Jiugui Liquor Hunan Sales Co., Ltd. realized a net profit of RMB -50.08 million, resulting in an investment loss of RMB 4.5152 million. The main reason is the decline in industry adjustment income. Although the accounting firm was still issuing standard unqualified audit opinions, the lack of internal control was hidden behind the data. This is also the foreshadowing of the company's "wearing a hat" for two consecutive years of losses in 2013 and 2014. In 2014, the company also proposed to improve efficiency and effectively control costs in the annual report: continue to strengthen internal control, strengthen crisis and risk management, strengthen target and quota management, improve operational efficiency, and scientifically and effectively control costs.

In 2015, in the face of the impact of the macroeconomic downturn and the deep adjustment of the liquor industry, the company focused on five key areas: "Intensive Hunan Market, Innovative Marketing Model, Building Key Products, Controlling Costs, and Strengthening Team Building". All the work, business performance to turn losses into profit, operating income, net profit increased significantly year-on-year, laying a good foundation for the company to go out of the trough and move towards stable development. In the same year, the company continued to carry out transformation, strengthen budget management, and effectively control production costs and period expenses. By streamlining and optimizing the workforce, job structure and organization, the work efficiency of the company's functional departments is further improved; through the in-depth implementation of the internal control system, strengthening financial management, crisis risk management and budget management, effectively controlling production costs and period expenses, management costs and Sales expenses have fallen sharply from the previous year, which has improved the overall profit margin and optimized the asset structure. It is enough to reflect that the company attaches great importance to the internal control of the company and the determination to continuously optimize the reform and do internal control.

2) Corporate social responsibility

Table 2. Social Responsibility Disclosure Form

	2014	2015	2016	2017	2018
Whether to disclose social responsibility	no	no	no	no	Yes

It is seen from the company's annual report that the company's disclosure of social responsibility in the past few years is not optimistic. It only disclosed the social responsibility in 2018, from the loss of wearing a hat in 2014 to the cap in 2017, and social responsibility. Constantly promoted, in 2018, while the company's operations are getting better and better, the management also proposed that we must pay attention to and strengthen social responsibility construction. In the same year, we issued a social responsibility report and disclosed the implementation of social responsibility. To fulfill the social responsibility of precise poverty alleviation, the Xiangxi Tujia and Miao Autonomous Prefecture, where the company is located, is the first place for General Secretary Xi Jinping's idea of "precise poverty alleviation" and is the main battlefield for poverty alleviation. In 2018, the company's tax payment level was further improved. In the Xiangxi Prefecture, the purchase of ceramic bottles, paper packaging materials and other packaging materials totaled 134 million yuan, accounting for 67.23% of the company's total packaging materials purchase, driving the state's three packaging. The development of printing enterprises and two ceramics production enterprises helped 96 key poverty alleviation and construction enterprises to get rid of poverty and achieve employment of about 1,000 people. Not only that, the company also actively undertakes social responsibility related to environmental protection. In 2018, the exhaust gas and wastewater facilities are operating normally, meeting environmental protection requirements, and there is no environmental violation. Conduct the construction of pollution prevention facilities and cooperate with the inspection of relevant departments to perform their duties.

3) Financial security

Whether the enterprise can develop healthily and steadily, financial security is one of the important indicators. Corporate financial security means that the company can call enough cash at any time to meet the demand for liquidity. It also means that a company does not have financial risks or risks that are very small. Macroscopically, from the perspective of the entire enterprise, liquidity refers to the ability of an enterprise to repay short-term liabilities on time and at the lowest possible cost, that is, the solvency of the enterprise. Microscopically, for a single asset, liquidity refers to the ability of a company to mobilize cash and the ability to convert assets into cash, which is the ability of the company to liquidate. Therefore, the two indicators of the current ratio and the quick ratio are analyzed. According to the annual report data, the following table can be obtained:

Table 3. Financial security analysis

years index	2014	2015	2016	2017	2018
Current ratio	3.07	2.84	3.23	3.49	2.70
Quick ratio	1.18	1.33	1.68	2.03	1.64

It can be seen from the above that the current ratio of the company has declined first and then increased in 2014-2017, and the quick ratio has been increasing year by year in the above-mentioned year. In 2018, the current ratio and the quick ratio have some to some extent. Reduce. Affected by the "plasticizer incident" in 2013 and the disappearance of hundreds of millions of deposits, the annual net profit growth of Jiugui Liquor in 2014 was -165.72%, the growth rate of operating income decreased by 43.26%, and its earnings per share was -0.30 yuan. The return on net assets was -5.68%. The company experienced a financial crisis and was "wearing a hat". The stock abbreviation also changed. And from the above figure, it can be seen that the company's current ratio has exceeded 2, indicating that the company's current assets occupy relatively large amounts of funds, which is not conducive to the flow of funds. In 2014, compared with previous years, its current ratio continued to rise, and the quick ratio showed a slow downward trend. This was mainly due to the large backlog of corporate stocks due to a series of negative events, the rise of liquid assets, and the rapid increase of fast-moving assets, which will lead to liquidity in the long run. The solidification and inefficiency of assets have created the illusion that enterprises have strong solvency and restrict their profitability. In 2015, the adjustment year laid a solid foundation for the company to turn losses into profit. After that, it is not difficult to see that the two indicators have increased in time with time, indicating that the company's short-term solvency is gradually enhanced and the security of current liabilities is enhanced. This is largely due to the change in the sales strategy of alcoholic liquor, based on the local market, and the rapid expansion of sales has brought in a large amount of cash flow. In 2018, the strong support of national policies made the company develop steadily, and the current ratio and quick ratio gradually became the best value 2 and 1, and the financial security gradually increased.

4. Conclusions and recommendations

From the above analysis, it is known that Jiugui Liquor Company pays more attention to the construction of internal control. In a sense, this may pay more attention to the realization of corporate value objectives. From the perspective of corporate social responsibility disclosure, its social responsibility awareness is relatively weak. The main purpose of internal control of food and beverage enterprises is to reduce the various opportunity costs of internal stakeholders. Whether to establish a scientific and efficient internal control system is directly related to the enterprise. Development and progress. The internal control construction of food and beverage enterprises and the fulfillment of social responsibility are not contradictory sides. The combination of the two can produce an unexpected win-win effect, which is conducive to the establishment of a good corporate image and the intrinsic motivation for long-term development. The internal control construction under the guidance of social responsibility should be continuously strengthened. The effective establishment of the two, more control of unnecessary risks, and more ensure the financial security of

enterprises. Therefore, we suggest that enterprises should actively fulfill their social responsibilities, effectively integrate social responsibility and internal control, and establish an internal control auditing system for social responsibility. Although China's laws and regulations clearly define the social responsibilities of all enterprises including food and beverage enterprises. Defined, but these legal provisions are only a macro-level explanation, there is no detailed provisions. In this context, relevant research scholars and food and beverage companies often set their own reasonable goals according to their own opinions and situations, and evaluate and measure the completion status of enterprises, which will inevitably lead to the lack of persuasiveness of the evaluation results. Conducive to food and beverage companies to optimize the internal control of social responsibility. Therefore, the realization of internal control activities and social responsibility of enterprises must rely on a strict set of binding mechanisms, which requires food and beverage enterprises to establish a scientific and perfect internal control audit system. At the same time, it is necessary to further improve the governance structure, establish a sense of prevention, control the financial security of enterprises, and achieve sustainable development.

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