

## Research on the Impact of Internal Control on Small Business Management: A Case Study in Peru – 2023

Yuri Gagarin Gonzales Renteria<sup>1</sup>, Lourdes Marina Aniceto Gonzales<sup>2</sup>

### Abstract

*Internal control and administrative management are powerful and fundamental tools in a company's organization, as they work together to safeguard and protect assets, minimize errors, and ensure proper operation. This research aimed to determine the impact of internal control on the administrative management of small businesses in Latin America and of Dinogas Estaciones y Servicios SAC - Chimbote, 2023. The methodology used was qualitative, descriptive, and non-experimental. Data collection techniques such as bibliographical exploration and interviews, as well as bibliographical cards and a questionnaire, were used to gather information. The results showed that: internal control is a process that as it is executed improves the administrative management in the company, achieving the proposed objectives, however, the investigated company does not have an internal control system in place, which is why it presents multiple weaknesses and threats such as loss of financial and administrative documentation, duplication of functions, financial statements with unreliable information, product inventories with unreal balances, therefore it is mandatory to implement an internal control system so that the administrative management can develop its controls effectively and efficiently, likewise it was concluded that internal control favorably influences and strengthens the administrative management by reducing costs and expenses that will benefit the company to achieve the objectives set and make correct decisions.*

**Keywords:** *Internal Control, Administrative Management, Small Business.*

### Introduction

#### *State of the Art, Context, Documentary Review*

Globally, micro, small, and medium-sized enterprises (MSMEs) represent 90% of businesses, between 60 and 70% of employment, and 50% of GDP. As the backbone of societies around the world, they contribute to local and national economies and sustain livelihoods, particularly among the poorest workers, women, youth, and other vulnerable groups. MSMEs have the potential to transform economies, foster job creation, and promote equitable economic growth if properly supported. The Day highlights their critical role and explores opportunities for their development. The United Nations General Assembly designated June 27 as "Micro, Small, and Medium-Sized Enterprises Day" to raise awareness of the enormous contribution of MSMEs to achieving the United Nations Sustainable Development Goals (SDGs). Multiple simultaneous crises have disrupted the global work environment for entrepreneurs and micro, small, and medium-sized enterprises (MSMEs). Furthermore, conflicts, commodity dependence, geopolitical tensions, and pandemics cause social and economic instability, making MSMEs extremely vulnerable to rising inflation and supply chain disruptions. (World Bank, 2023)

SMEs are units that generally have fewer than 250 employees. In many countries, more than 90% of all businesses can be considered SMEs, and a large proportion of these fall into the microenterprise category, operating with fewer than ten employees.

Despite the small size of each individual unit, new data compiled by the ILO show that, when considered together, micro and small business activity, combined with that of the self-employed, accounts for a staggering 70% of global employment. Furthermore, businesses with fewer than 100 employees generate more than 50% of new jobs worldwide. As we strive to achieve the United Nations Sustainable Development Goals and implement the ILO's Decent Work Agenda, we cannot afford to ignore the

---

<sup>1</sup> Doctor in Accounting and Finance, President of the Organizing Committee of the National Autonomous University of the San Marcos District, Huaraz - Peru, Email: [ygonzalesr@uladtech.edu.pe](mailto:ygonzalesr@uladtech.edu.pe) – ORCID: 0000-0002-6859-7996

<sup>2</sup> Master of of Accounting, transportation company consultant, Email: [asesoriaynegociosia@gmail.com](mailto:asesoriaynegociosia@gmail.com) – ORCID: 0000-0002-9266-6760

potential of SMEs and the challenges they face. In every country, SMEs not only create jobs but also act as engines of economic growth and social development. In most Organization for Economic Cooperation and Development (OECD) countries, SMEs account for more than 50% of gross domestic product (GDP), a figure that reaches as high as 70% according to some global estimates. This contribution to GDP varies across sectors and is particularly high in services, where SMEs contribute at least 60% of GDP in virtually all OECD countries. The ILO has been helping SMEs thrive for many years by providing training at all levels, supporting entrepreneurship, fostering an enabling environment, and enabling market access for vulnerable populations. No business activity is independent of its context. A value chain describes how firms, activities, and other actors create the value needed to bring a product from the initial idea to its final market. (OIT, 2019)

In Latin America, SMEs are key players in increasing potential growth. These companies are characterized by a highly heterogeneous mix of market access, technologies, and human capital, as well as their connections with other companies, factors that affect their productivity, export capacity, and growth potential. On the one hand, they constitute a fundamental component of the region's productive fabric: they represent approximately 99% of all companies and employ approximately 67% of all workers. On the other hand, their contribution to GDP is relatively low, revealing deficiencies in their productivity levels. For example, large companies in the region have productivity levels up to 33 times that of microenterprises and up to six times that of small companies, while in OECD countries these figures range between 1.3 and 2.4 times. While only approximately 10% of Latin American SMEs export part of their production, in Europe the proportion of exporting SMEs amounts to at least 40% of the total. SMEs in Latin America are a highly heterogeneous group, ranging from informal self-employed microenterprises to innovative, highly efficient companies with export capacity. With the implementation of coherent and coordinated policies, SMEs could be agents of structural change through their contribution to increased productivity. (CEPAL, 2019)

In Ecuador, the context of the hegemony of transnational capital and globalization makes it impossible to imagine their spontaneous introduction on an equal footing in underdeveloped economies and in large capitalist centers, and especially in SMEs. Therefore, only under a government like the one currently in power in Ecuador, one committed to development and popular well-being, is it mandatory to consider an integrated internal control system for SMEs that prioritizes the application of ICTs and goes further in its value-based conception of control. In this sense, it is very important to consider its components when designing corporate control, including: adequate information (accurate, timely, objective and complete, flexible, focused on strategic control points, and realistic from an economic and organizational perspective); adequate protection of resources; supervision of control activities; risk assessment and the control environment; and control policies. One of the most important components of internal control is risk assessment, which focuses on preventing or detecting and correcting material misstatements. There will always be some control risk due to the inherent limitations of any accounting and internal control system applied in SMEs. This mechanism is a priority subject of innovation for its improved performance and operation. Finally, it is important to note that when we talk about an integrated internal control system, it must be understood as something beyond the verification of the record of "economic activity" or the "flows and stocks of the economy." It must be primarily a quantitative record based on basic criteria, from a theoretical perspective that is explained without using any vague quantitative terms, and that prioritizes humankind and its commitment to society and the environment. SMEs are naturally market-oriented commercial enterprises, but that does not mean they cannot invest in a social and solidarity-based economy, which seeks to differentiate itself from one characterized by harsh competition driven by cannibalism between people and where individuals are not committed to society and the environment. A key component that internal control must incorporate is the social contribution to control and decision-making in processes, as well as the responsibility of employers and employees, meaning that workers are also decisive actors in the management of the various productive units. In fact, accounting and internal control cannot be viewed separately from the project in which they are inserted, and although they may seem like a simple record of "economic activity" or the "flows and stocks of the economy," they must be in line with a social and solidarity-based economy. Precisely what the integrated approach to internal control in SMEs aims to do is ensure that society does not lose and that the individual entrepreneur (SMEs) receives a benefit; in

other words, it is about achieving internal control, from an accounting perspective, that allows for a balance between individual and social benefit. (Mendoza y Bayón, 2019)

In Colombia, the Ministry of Commerce defines SMEs as those companies that do not receive the same annual income from ordinary activities as large organizations. In the country, the categorization of a business as a micro, small, or medium-sized enterprise does not depend on its number of employees or size, but exclusively on its gross sales. SMEs have been legally recognized in Colombia since 2000. Since then, their development and growth have increased thanks to this legal status. However, the lack of clarity in regulations has led to the creation of codes specifically designed for these economic and productive forces. With the publication of Decree 957 on June 5, 2019, the Ministry of Commerce implemented new regulations to classify SMEs based on the income received during a fiscal year. To measure this criterion, the Colombian government uses the Tax Value Unit (or UVT), which replaced the calculation in minimum wages.

The following values are used to classify micro, small, and medium-sized enterprises in the country according to their productive sector. (Moreno, 2022)

In Peru, MSMEs and, in general, business activity are a direct reflection of the competitiveness of each department, and their performance depends both on the productive characteristics of each region and on the public services and logistics infrastructure. These characteristics explain why in certain areas of the country there are greater incentives to start businesses, quality employment is generated, formalization is promoted, and the competitiveness of these productive units is increased. It should be noted that, due to COVID-19, the distribution of MSMEs throughout the country has undergone certain changes compared to 2020. According to figures from the 2021 National Institute of Statistics and Census (ENAHO), Lima is the department with the largest concentration of MSMEs in the country (11.5% of the total), which is related to the higher population density in the capital. On the other hand, the second level of concentration is found mainly in the north of the country, specifically in the departments of Tumbes, Piura, Lambayeque, La Libertad, Loreto, San Martín, and Ucayali, as well as in Ica and Arequipa (between 4% and 8% of the total). Finally, the remaining micro and small businesses are scattered throughout Peru, with the smallest proportion located in the central highlands. According to figures from Enaho, in 2021, MSMEs represented 96% of Peruvian companies and employed 43% of the EAP, which showed an improvement of 16.4 percentage points (pp.) in the percentage of this population working in 2020. These business units registered annual sales of S/ 107,945 million, which meant an increase of 78.5% compared to what was reported in 2020, an amount equivalent to 12% of GDP. These results would be explained by greater demand, due to the economic reactivation of the previous year, as a result of the lifting of restrictions associated with the containment of COVID-19 in our country. According to figures from Sunat, the informality of MSMEs rose to 86%, 1.6 pp above what was recorded in 2020. Although, in 2021, MSMEs increased by 76% compared to what was recorded in 2020, formal MSMEs grew by 58%, which would indicate an increase in a greater proportion of informal companies than formal ones. On the other hand, among the characteristics of MSMEs that influence the performance of their businesses, for example, 47% of MSME entrepreneurs had at least one formal financial product and 25% used informal savings methods; 76% of these do not keep any account records; 81.7% of workers are relatives of the business owner; 87.1% of their workers are not affiliated with any pension system and only 1.7% have social security; And 19.3% of workers work more than 40 hours per week, and 3.6% more than 60 hours. These characteristics of MSMEs in 2021 reflect certain improvements in specific indicators, one of the most notable being the use of at least one formal financial product, given that in 2020, the percentage of MSME entrepreneurs who used it was 39% (8 percentage points lower than in 2021). Thus, the dynamics of demand in a post-pandemic scenario would have led a greater portion of MSMEs to become banked, as a tool to facilitate their sales. However, there is still much room for improvement in terms of formalization, which goes hand in hand, among other things, with appropriate and timely actions by the different levels of government to boost MSME productivity. Therefore, with the goal of improving the targeting of public policies in favor of MSMEs, Comex Peru has developed the Formal Capacity Index (FCI), which, based on data from the National Institute of Statistics and Geography (ENAHO), allows for the annual and rigorous monitoring and evaluation of these companies' capacity to formalize, based on specific characteristics. This index assesses

the likelihood of MSMEs being registered with Sunat and the implications for their formalization. (ComexPeru, 2021)

In Peru, SMEs are subdivided into categories: microenterprises (1 to 10 employees), small businesses (11 to 50 employees), and medium-sized businesses (51 to 250 employees). The term "MSMEs" is also used for micro and small enterprises. The importance of SMEs and MSMEs in Peru lies in their importance. According to the National Institute of Statistics and Informatics (INEI), 99.6% of businesses in Peru are micro, small, and medium-sized enterprises (MSMEs), which produce 47% of GDP. Of the aforementioned 99.6%, 96.6% are MSMEs. However, faced with this, there is the significant problem of informality, which encompasses 83% of the latter. In Peru, micro, small, and medium-sized enterprises represent an important stratum in the country's productive structure, both in terms of the number of establishments and job creation. In 2016, during the APEC Summit held in our country, the Vice Minister of MSMEs and Industry mentioned that 92.2% of companies founded 10 years ago remain as they were; that is, Peruvian MSMEs were born and remained at that level; they haven't evolved. He also mentioned that mortality rates remain high. (Cañari, 2022)

In Peru, internal control plays a fundamental role and is the main factor in a company. Failure to do so would pose numerous risks and often lead to ruin. Internal control encompasses an organization's plans, methods, procedures, and other measures designed to provide a reasonable level of assurance regarding the achievement of its objectives. Internal control is a process performed by an organization to provide a reasonable level of assurance regarding the achievement of its objectives: operational effectiveness and efficiency, reliability of financial reporting, and compliance with applicable laws and regulations. This definition of internal control leads us to several key elements: we are talking about a process, a means to an end, not an end in itself; it is executed by people at every level of the organization, and while it provides a reasonable level of assurance, it does not guarantee the achievement of objectives. (Esan, 2017)

Administrative management in Peru is important, as many businesses are considering changing their line of business or, in the worst-case scenario, opting for informality as a means of survival, he stated. Given this unfavorable outlook, Luis Fernando Boza, chair of Vistage Peru, believes it is important to implement administrative management that, through contingency strategies, prepares microenterprises, which represent a vital part of the country's economic strength. Without administrative management, it is impossible to define clear and challenging objectives that allow the team to be guided in a single direction and overcome turbulent times, he added. He stated that many small and medium-sized enterprises (SMEs) start without applying proper administrative management, creating difficulties in growing and facing market competitiveness or crisis situations. "Carrying out administrative management helps us make better decisions and adapt to challenging market changes. It allows us to identify opportunities, define better strategies, evaluate the team's work in relation to the established strategic objectives, and take corrective actions in a timely manner," he indicated. Empirical entrepreneurs create and manage businesses with great intuition, perseverance, and autonomy. In many cases, they believe they are better than their colleagues at executing the most complex tasks, as they have learned exclusively from their experience. On the other hand, professional entrepreneurs have an academic background and specialized knowledge in areas such as administration, finance, or marketing. Academic training will always be very useful for small business owners; it will help them develop a strategic vision and successfully plan the sustainable growth of their business. In an environment of instability, administrative empiricism leads microentrepreneurs to make inappropriate decisions based on common sense, and many are doomed to failure due to a lack of reflexes and the absence of strategic plans. Indeed, Boza offers five pieces of advice for managing and administering SMEs in crisis situations: Apply quality administrative management that helps plan, organize, direct, and control a strategic business plan. Have the right people in each critical position in the business and delegate day-to-day decisions according to their capabilities. Promote a culture of innovation and the pursuit of competitiveness, especially in uncertain environments, which offer new opportunities and ways of managing the business. Maintain financial planning, with a solid and up-to-date plan to address economic uncertainty, ensuring the company's long-term viability and stability. Have a business support group that allows us to share experiences and lessons learned with other successful entrepreneurs. Be flexible and adaptable, listening to and observing the initiatives of other similar ventures/experiences. (Parker, 2023)

Trade is defined as the wholesale and retail sale (without transformation) of all types of products and the provision of services incidental to the sale of those products. Wholesale and retail sales are the final stages of product distribution. The products purchased and sold are also referred to as merchandise. In Peru, the favorable performance of wholesale sales (2.42%), primarily of fuel for the mining sector, retail service stations, and domestic gas distributors, was one of the main drivers of the 2.38% growth in the Trade sector. (El Comercio, 2024)

Within the product marketing sector, we have the hydrocarbon line, which is sold through so-called fuel stations or service stations. These are defined as establishments that sell fuel to the public, exclusively through pumps and/or dispensers; they also offer other services in appropriate facilities, such as: a) Washing and lubrication. All hydrocarbon business is supervised by the regulatory agency Osinergmin. Service station chains mostly operate under exclusive fuel sales contracts between a wholesaler and a retailer, also known as dealer affiliations. There are also independent service station owners who have a white flag. According to the Peruvian Association of Fuel Stations and Stations (AGESP), there are currently 4,683 service stations in the Peruvian market, not including the 620 rural stations and the 136 floating fuel stations. According to AGESP, white flag stations [those not part of any chain of stations] account for almost 45% of the market, and the brand with the most stations is Primax, followed by Repsol and Petroperú, in that order. (El Gas, 2024)

Likewise, due to the current situation and the background of the various problems facing companies, our research was based on a case study in the city of Chimbote, involving the company: Dinogas Estaciones y Servicios SAC., whose business is the retail sale of fuel for motor vehicles in specialized stores. The company under study presents multiple weaknesses and threats: The lack of controls and knowledge has led to the loss of financial and administrative documentation. It has not identified the risks to which it is exposed, and therefore has not developed controls to mitigate them. It does not have an organization and functions manual in place. Responsibility for critical tasks should be separated among different people to avoid fraud or error. It also does not have an internal audit. It does not have an occupational health and safety system in place. It has not documented its procedures so that they are followed consistently (Cash, invoicing, and inventory). These procedures should be clear and concise, and available to all employees who need them. The company does not conduct periodic reviews of its internal controls to ensure their effectiveness, because it uses empirical controls.

## Materials and Methods

was descriptive, describing and analyzing opportunities for improvement in the administrative management of small businesses in Latin America through a case study. The research was qualitative, aimed at identifying improvements in the study variables, and the research design was non-experimental, bibliographic, and case-based.

The population consisted of small businesses in Peru's commercial sector. The sample consisted of a portion of the universe, in this case, the company: Dinogas Estaciones y Servicios SAC Chimbote - 2023

### *Operationalization of Variables/Categories*

#### *Research on the Impact of Internal Control on Small Business Management Case Study in Peru – 2023*

VARIABLE	OPERATIONAL DEFINITION	DIMENSIONS	INDICATORS / ITEMS	SCALE OF MEASUREMENT
----------	------------------------	------------	--------------------	----------------------

Independent Variable <b>Internal Control</b>	Internal control is the plan by which an organization establishes principles, methods, and procedures that, when coordinated, seek to protect the entity's resources and prevent and detect fraud and errors within the various processes developed within the company, in order to achieve the objectives set for a specific time period. (Actualicese, 2021)	Control Environment	1. Do you consider internal control important in administrative management? 2. Does your company have an internal control system in place?	• Open
		Risk assessment	3. Has your company identified its internal and external risks?	
		Control activity	4. Has your company developed, approved and implemented its procedures manual?	
		Information and Communication	5. Has your company developed and approved its internal and external communication system?	
		Supervision and Monitoring	6. Does your company carry out actions of supervision to know in a timely manner the correct development of the activities?	
Dependent Variable <b>Administrative Management</b>	Administrative management is the set of activities performed to manage an organization through the rational management of tasks, efforts, and resources. Its ability to control and coordinate actions and the various roles performed within the company helps prevent problems and achieve objectives. (Concepto, 2023)	Administration	1. Does the small business have clearly defined organizational goals and objectives? 2. Are there established strategies and action plans to achieve the objectives? 3. Are objectives, strategies and action plans communicated and shared with staff? 4. Does the organizational structure of the microenterprise facilitate the development of activities?	• Open
		Administrative Control	5. Are staff tasks and responsibilities clearly defined and assigned? 6. Is there adequate coordination between the different areas of the small business? 7. Does management demonstrate effective leadership and motivate staff?	

			8. Are there clear and fluid communication channels between management and staff? 9. Is the decision-making process carried out in a timely and participatory manner? 10. Are there defined performance indicators and standards for small business activities? 11. Is the performance of the areas and staff periodically monitored and followed up? 12. Are corrective actions implemented in a timely manner in response to identified deviations or problems?	
--	--	--	---	--

Source: Author's own elaboration

#### Data/information collection techniques and instruments

Cisneros et al. (2022) , point out that the techniques and instruments to be used will depend of the framework; approach, type and purposes of the research, to the objective of the study, and must be clearly framed within the scope of the project, considering the research population, time, financial and human resources available (p. 1171).

For this study, we applied a literature review technique derived from various authors who have conducted research on the study variables, such as internal control and administrative management. We also used an interview technique with the manager using a questionnaire containing a variety of questions. This will allow us to determine the results and provide a description of the impact of internal control on the administrative management of the company under study.

#### Results

Regarding the objective of writing the importance of internal control and its impact on the administrative management of small businesses in Peru.

AUTHOR(S)	RESULTS
-----------	---------

Barreno and Bernal (2019) and Huamán (2023)	<p>The implementation of an internal control system is important to ensure sound administrative management. Internal control contributes to improving the efficiency of administrative processes and the company's ability to optimize human, financial, and material resources, as well as to reduce weaknesses or deficiencies, particularly in inventory control and the quality of customer service. Likewise, control is highly relevant to the effectiveness of administrative management, that is, improving the company's ability to achieve established objectives and goals. The internal control system is essential for driving business development; there is a close connection between control in organizations and the effectiveness of administrative management. A well-designed and implemented control system helps improve efficiency, effectiveness, and decision-making in various administrative processes. Proactive controls allow you to monitor and regulate the daily activities that constitute the foundation of your business, such as inventory, purchasing and sales processes, customer service, and more. If these operational processes are properly controlled, management can make more informed and accurate decisions in key aspects of management, such as planning objectives and budgets, allocating resources, organizing roles and responsibilities, and establishing control and feedback mechanisms.</p>
Castro (2021) and Aguirre & León (2023)	<p>Control systems play an important role in improving administrative management standards; they identify areas for improvement and develop strategies to increase the organization's competitiveness and sustainability. Companies without control systems face problems such as excess or shortage of inventory, late order delivery, invoicing errors, dissatisfied customers, and more. These situations directly affect the organization's administrative management— aspects such as planning, decision-making, and the achievement of business objectives.</p> <p>There is a very powerful symmetry between internal control and administrative management; the two must go hand in hand for the company to achieve its objectives efficiently and effectively. Controls and management are important for detecting adverse situations and immediately implementing corrective actions. Control cannot be separated from management, as this can severely compromise the competitiveness and sustainability of micro and small businesses, diminishing their ability to grow and adapt to market changes. Good internal control management directly influences good administrative management.</p>
Solis (2023) and Copitan (2024)	<p>Internal control is a comprehensive system implemented by management and encompasses all of an organization's personnel. It is designed to address risks and provide prudent confidence in achieving the entity's mission, as well as assist in achieving management objectives, ensuring the effectiveness and efficiency of operations, ensuring the reliability of financial information, and ensuring compliance with applicable laws and regulations. Internal control is one of the most important management tools because it ensures the appropriate and pertinent use of resources to achieve efficiency in all areas of the</p>



	<p>organization, ensuring that it can achieve its stated objectives and thereby foster efficient administrative management.</p>
Leon (2023) and Lozano (2023)	<p>Internal control helps direct and control management efficiently and effectively for the proper development of goals. In this way, control serves to review, identify deficiencies, and correct them immediately. Furthermore, when good internal control exists in companies, it helps management make sound and consistent decisions. The implementation of an internal control system favors the administrative and economic growth of the company. Internal control avoids unnecessary expenses and allows for a rapid response to changing conditions. It consists of the skills, models, practices, and organizational arrangements focused on providing reasonable assurance that business or agency objectives will be met or achieved. Applying a control system helps achieve efficient and appropriate management of resources.</p>
Gabriel (2019) and Bustos (2020)	<p>The internal control system is a fundamental tool for improving the management of micro and small businesses. It is essential for promoting operational efficiency and effectiveness, encouraging adherence to established policies, and achieving compliance with established institutional goals and objectives. It also certifies the proper conduct of economic units, thereby leading to their efficient development. Internal controls are very important in the administrative management of an organization, providing the opportunity to identify opportunities for improvement and provide recommendations to enhance the organization's performance. Conversely, a lack of control can seriously harm the competitiveness and sustainability of small and micro businesses, limiting their ability to grow and adapt to changes in any type of market. Effective administrative management is the result of properly established control systems.</p>
Domínguez (2024) and Pachas (2021)	<p>Internal control is essential to ensure sound administrative management. It helps reduce errors during tasks performed and serves to improve the efficiency of administrative processes. It is also understood as the company's ability to consciously and responsibly use its human, financial, and material resources, as well as reduce adverse situations or inefficiencies, especially in warehouse, procurement, and sales control. Similarly, operational controls contribute to the effectiveness of administrative management, that is, the company's ability to achieve established goals and objectives, control the quality of customer service, or product delivery time. Internal control is essential to strengthening an organization's administrative management. Internal control is a comprehensive process implemented by management that encompasses all of the organization's personnel. It is designed to prevent risks and provide reasonable</p>

	assurance regarding the fulfillment of the company's mission, as well as to promote the efficiency and effectiveness of operations and the integrity of financial information; objectives related to reliability and compliance with applicable laws and regulations. In this sense, it has a direct and beneficial effect on the company's administrative management. Likewise, an internal control system must be used in all types of businesses to improve their management and competitiveness.
--	--

Fountain: Own elaboration

Regarding the objective of writing the importance of internal control and its impact on the administrative management of the company Dinogas Estaciones y Servicios SAC - Chimbote, 2023.

### Interview Results

No.	Internal control questions	Answer
1	Does your company have an internal control system in place?	The company does not have an internal control system due to a lack of knowledge and training in control issues. Owners are resistant to implementing formal controls, as they perceive them as a bureaucratic burden and an expense they are unwilling to incur. They tend to be more focused on daily operations and short-term revenue generation and view the implementation of an internal control system as an activity that does not have an immediate impact on results.
2	Do you consider internal control important in administrative management?	I recognize that it would be important to have a formal internal control framework to help us improve the company's management, as it presents several difficulties and errors in its administrative management. For example, the operational staff (tap managers) lack knowledge regarding the issuance of payment vouchers, are also poorly trained in customer service, and there is no organizational and functional manual.
3	Has your company identified its internal and external risks?	We have not implemented a formal risk identification process. We address risks as they arise, that is, when problems or situations arise that pose threats to our operations or results. We do not have a documented process that allows us to have a comprehensive view of the main risks we face. Our risk management is based primarily on the experience and empirical knowledge I have acquired as a manager over the years.
4	Has your company developed, approved and implemented its procedures manual?	The company does not have an organizational and functional manual in place. Task responsibilities are not separated among different employees; tasks are assigned as needed, and orders come directly from the company owner. There are no measures in place to ensure that staff are performing their assigned duties.

5	Has your company developed and approved its internal and external communication system?	The lack of formal company control has created a number of communication problems. We lack a strong culture of communication between owners and employees, and operational staff are unprepared to share ideas and information. We realized there were gaps in our documentation and information access processes.
6	Does your company carry out monitoring actions to ensure that activities are being carried out in a timely manner?	As I indicated, primarily for reasons of cost-cutting, we have not implemented formal control systems in the company, nor have we hired internal auditors or specialized personnel to perform this specific and important function.
<b>No.</b>	<b>Administrative Management Questions</b>	<b>Answer</b>
1	Does the small business have clearly defined organizational goals and objectives?	LPG sales company , we don't have clearly defined organizational goals and objectives. We operate without a formal strategic plan to determine the results we want to achieve in the short and medium term. Our decisions and actions were based more on the experience and knowledge I gained as a leader in similar companies. I recognize that this is a significant shortcoming that affects the company's management.
2	Are there established strategies and action plans to achieve the objectives?	Because we didn't have formally defined organizational goals and objectives, there were also no structured strategies or action plans to achieve them. Our actions are focused on day-to-day work, solving problems and addressing needs as they arise, but there is no strategic plan to guide the business's direction. We have not yet developed a detailed action plan that includes the activities, owners, timelines, and resources needed to achieve specific results. The lack of planning and strategy is the main drawback limiting the growth and development of our small fuel marketing business.
3	Are objectives, strategies and action plans communicated and shared with staff?	In the absence of formal goals, strategies, and action plans, we were unable to communicate or share this information with our staff. The company's decisions and actions are communicated in an informal and unstructured manner. Employees are aware of their daily tasks and responsibilities, but are unaware of the direction and goals the organization is trying to achieve. The lack of consistency and communication in strategic planning is a weakness that hinders employee engagement and active participation in achieving the company's goals .
4	Does the organizational structure of the microenterprise facilitate the development of activities?	The organizational structure of our small fuel marketing company was very informal and poorly defined. We lack a clear class organization, nor clear roles and responsibilities. Functions in different areas, such as sales, operations, and management, are separated from each other and lack effective coordination. The lack of a clear organizational structure hinders effective operations, creates confusion among staff, and limits the company's ability to achieve its goals.

5	Are staff tasks and responsibilities clearly defined and assigned?	In our company, employee tasks and responsibilities are neither clearly defined nor divided. Instead, employees informally perform multiple roles and functions depending on emerging needs. We didn't have job descriptions or organizational charts to formalize the activities and responsibilities of each team member. This creates confusion, duplication, and sometimes conflict among employees, negatively impacting the efficiency of the company's operations.
6	Is there adequate coordination between the different areas of the small business?	Coordination between the different areas of our small fuel marketing company is poor because our organizational structure is informal and roles and responsibilities are not clearly defined. These activities are performed in isolation without comprehensive knowledge of processes or fluid communication between areas. This creates synchronization problems, delays, and duplication of work, which negatively impacts the efficiency and effectiveness of management.
7	Does management demonstrate effective leadership and motivate staff?	As a company leader, I recognize that there is still room for improvement in my leadership and employee motivation skills. Although I have extensive experience in this field and have worked hard to train my team, I have not yet developed the formal leadership skills to motivate employees and create greater engagement. At times, my management style can be perceived as authoritarian and unengaged, which can affect employee motivation and performance.
8	Are there clear and fluid communication channels between management and staff?	In our small business, the lines of communication between management (i.e., me as the manager) and employees are mostly informal and unstructured. In certain situations, communication is primarily verbal and reactive. We lack formal processes and tools to facilitate a timely, two-way flow of information. This can lead to misunderstandings, inconsistencies, and, at times, rumors or misunderstandings that can affect the functioning of the organization.
9	Is the decision-making process carried out in a timely and participatory manner?	Given the informal structure of our company and my role as a manager, the decision-making process is primarily centered on me. While I strive to make timely decisions based on my experience and knowledge of the business, I recognize that this isn't always a participatory process. I sometimes fail to consider employees' perspectives and input, which can lead to resistance and a lack of commitment to implementing decisions. This is where I need to improve to make management more efficient.
10	Are there defined performance indicators and standards for small business activities?	Unfortunately, in our small fuel sales company, we don't have formally defined performance indicators and standards for various activities and areas of the organization. Our performance monitoring is based more on my personal standards and experience, and there are no objective indicators or metrics to systematically measure and evaluate performance. The

		lack of indicators and standards makes it difficult to detect problems and implement corrective measures in a timely manner.
11	Is the performance of the areas and staff periodically monitored and followed up?	Due to a lack of preparation, the follow-up and monitoring we carry out across the company is very limited and informal. I occasionally reviewed some reports and keynote addresses, but we lacked a structured and regular process for evaluating the performance of different areas and employees. Follow-up and monitoring activities are reactive, responding to specific situations that require my intervention. This lack of control and oversight is a major flaw in our management.
12	Are corrective actions implemented in a timely manner in response to identified deviations or problems?	When I find deviations or problems with operations, I try to take corrective action immediately. However, without well-established controls, these activities tend to be destructive. We lack a formal procedure to systematically identify, analyze, and resolve problems. Corrective actions are carried out based on my standards and personal experience and are not supported by a comprehensive control system that effectively prevents and addresses problems that arise in the company's management.

Fountain: Prepared by the author based on the questionnaire applied to the company manager. Dinogas Stations and Services SAC

Regarding the objective of proposing the improvement of internal control in the administrative management of the company Dinogas Estaciones y Servicios SAC – Chimbote, 2023.

<b>Opportunity for improvement</b>	<b>Proposal</b>
The company does not have an internal control system in place.	The implementation of an internal control system is proposed, developed according to the company's needs, which includes an Organization Plan, planning, review, information, and evaluation (internal audits). Its purpose is to help address risks in management operations and provide reasonable security to achieve objectives. It will also strongly contribute to optimizing good administrative management. It will be a useful tool to help combat corruption, strengthen the company to achieve its performance and profitability goals, as well as prevent the loss of resources, improve institutional ethics by deterring illegal and incompatible behavior, facilitate the assurance of reliable financial information, and ensure that the entity complies with laws and regulations, avoiding loss of reputation and other consequences.
Lack of knowledge to detect and identify risks at the point of sale (fuel dispensers) and others.	It is recommended that staff be trained to conduct unannounced audits at points of sale, as well as those in charge of the vault and petty cash register. Since fuel dispatch and sales operations pose risks, the lack of controls leads to data manipulation and irregular transactions such as selling receipts for which they receive a percentage, handling

	transactions with cards that do not belong to the customer, and other transactions that reflect poorly on the company's image. However, cases have been detected of employees altering the volume of fuel dispatched, misappropriating cash, charging prices other than those established, or making unrecorded sales.
The company under study does not have an organization and functions manual (MOF), nor does it have an organization and functions regulation (ROF)	It is proposed to develop a structural and functional organizational chart for the company, including the proper roles of staff in the different areas. This will avoid duplication of duties when executing orders from superiors without hindering the normal development of company operations. It will also serve to delegate responsibility to the appropriate personnel and assist management in decision-making. It is also proposed to develop organizational and functional regulations that stipulate internal regulations and policies.
Lack of training, updating, and instruction in topics related to administrative control and management.	It is proposed to hire specialists in fuel use and management, occupational health and safety, issuing payment vouchers, detecting counterfeit bills, and other skills necessary to reduce risks such as robberies, fires, and fines imposed by Sunat , Osinerg , and other institutions involved in the business.
There is no adequate and appropriate communication between operational and administrative staff and management.	It is proposed that the company manager hold weekly meetings with all company personnel to address concerns, resolve complaints, and other issues. This will foster camaraderie and enable decision-making to achieve objectives that would benefit both parties, since operational personnel (the plumbers) are the image, the heart, and the representatives of the company.
The company does not monitor its activities and processes to verify their efficiency.	The implementation of internal auditing is proposed to monitor and correct procedures in the control and management of the company. This will also allow for the evaluation of staff performance in their roles, reduce risks, and strengthen areas of weakness. Internal control will also help achieve efficient competition and achieve the objectives set.

Fountain: Own elaboration.

### Discussions with the state of the art

significance of implementing an internal control system in the business sphere is observed . According to Solís (2023), internal control is a complete system, implemented by management, whose scope involves all the personnel of an organization; it is designed to face risks and provide prudent confidence in obtaining the entity's mission, as well as assist in the achievement of managerial objectives, the effectiveness and efficiency of operations; reliability of financial information, compliance with applicable laws and regulations. This appreciation reflects a similarity to that found by Gabriel (2019), who complements that the internal control system is a fundamental tool that allows improving the management of micro and small companies; being essential to promote capacity and aptitude in operations, stimulate the observation of

prescribed policies and achieve compliance with the established institutional goals and objectives; certifying the correct management of economic units, therefore, this will lead to their efficient development. Likewise, it coincides with León (2023), who points out that internal control is a plan of techniques and procedures that clarifies all the measures to achieve the company's objectives. These measures serve to protect available resources, verify the accuracy and precision of information to improve operational capacity, and promote policies and strategies to achieve established goals and objectives. He also indicates that internal control depends largely on integrity and values.

In relation to administrative management, Barreno and Bernal (2019) argue that administrative management is a fundamental element for the success and sustainable development of companies. It refers to the set of actions and processes carried out by an organization to achieve its objectives effectively and optimize the use of its resources. It involves the planning, organization, direction and control of the different functions and activities of the company. On the other hand, there is a similarity with Huamán (2023), who indicates that efficient administrative management seeks to achieve both organizational efficiency and effectiveness. Efficiency refers to the optimization in the use of resources (human, financial, material, etc.) to maximize productivity. For its part, effectiveness implies the achievement of the objectives and goals established by the company.

Regarding internal control and its impact on administrative management, Castro (2021) states that there is a very powerful symmetry between internal control and administrative management; both must go hand in hand for the company to achieve its objectives efficiently and effectively. Controls and administration are important to detect adverse situations and immediately present corrective actions; control cannot be separated from administration as it can severely compromise the competitiveness and sustainability of micro and small businesses, diminishing their ability to grow and adapt to market changes. Good internal control management directly influences good administrative management. Likewise, there is the appreciation of Aguirre & León (2023), which maintains that control systems play an important role in improving administrative management standards; it identifies areas for improvement and develops strategies to increase the competitiveness and sustainability of the organization. Copitan (2024) agrees that internal control is one of the most important administrative tools, because it ensures the use of resources in an appropriate and pertinent manner in order to achieve efficiency in all areas that make up the organization; so that it can achieve its set objectives and thereby promote efficiency in administrative management. Thus, Lozano (2023) affirms that the implementation of an internal control system favors the administrative and economic growth of the company. Internal control avoids unnecessary expenses and allows a rapid response to changing conditions. It consists of the skills, models, practices and organizational arrangements focused on providing reasonable assurance that commercial or agency objectives will be met or achieved; applying a control system helps achieve efficient and pertinent management of resources. However, Bustos (2020) affirms that, Internal controls are very important in the administrative management of the organization, providing the opportunity to identify opportunities for improvement and provide recommendations to improve the organization's performance. It also indicates that a lack of control can seriously harm the competitiveness and sustainability of small and micro-enterprises, limiting their ability to grow and adapt to changes in any type of market; effective administrative management is the result of properly established control systems. This assessment is similar to Domínguez (2024), who indicates that internal control is essential to guarantee good administrative management, helps reduce errors during the tasks performed and serves to improve the efficiency of administrative processes. It is also understood as the company's ability to consciously and responsibly use its human, financial, and material resources, as well as reduce adverse situations or inefficiency, especially warehouse control, procurement, and sales. Similarly, operational controls help in the effectiveness of administrative management, that is, the company's ability to achieve established goals and objectives, control the quality of customer service, or product delivery time; internal control is essential to strengthen the administrative management of an organization. These syntheses coincide with Pachas (2021), who argues that having an internal control system is important to guarantee good administration. Internal controls help give a positive attitude to administrative processes while empowering the company to optimize human, financial, and material resources and reduce weaknesses or gaps, especially in the areas of inventory control and customer service quality. Furthermore, control is closely related to administrative functionality, that is, to improving the company's ability to

achieve its established goals and objectives. Likewise, internal control systems are also essential for promoting business development and decision-making in various administrative processes. If these operational processes are properly controlled, management can specify and/or work on key aspects of management, such as planning objectives and budgets, allocating resources, organizing roles and responsibilities, and establishing control and feedback mechanisms.

These results in relation to internal control are similar to the internal control theory: Del Toro (2005) , who argues that internal control are processes that are integrated into the actions taken by the management and staff of the company to provide reasonable assurance of reliability of information. Operational efficiency and effectiveness. Comply with applicable laws, regulations and policies. Manages all types of resources available to the company. In addition, it indicates that internal controls are comprehensive processes carried out by the owners, managers and employees of a company designed to eliminate risks and provide reasonable assurance that the company's mission, that is, the very objectives of management, has been achieved.

Regarding the results in relation to administrative management, they resemble the theory of administrative management where Sánchez (2021) states that administrative management is a process that includes four main elements or functions: Planning, which consists of designing goals and objectives, as well as establishing the necessary resources and activities that have to be carried out in a certain period of time. Organization, which consists of designing a structure that is in charge of distributing the human and economic resources available to the company to organize and develop its work and achieve the planned objectives. For this, the areas within the organization must be determined, tasks grouped according to job positions, and the best workers for the position must be selected. Management, which consists of incentivizing employees, maintaining fluid and effective communication with all areas of the organization, and establishing constant evaluation mechanisms, among other examples. Control, which consists of verifying that daily tasks progress adequately, in order to optimize decision-making, reorient some activities, correct problems, or evaluate results, among others. Measuring the results obtained against the planned results will allow us to implement control mechanisms for continuous improvement.

Dinogas Estaciones y Servicios SAC is clear about the importance of having an internal control system that optimizes its comprehensive management and, specifically, guarantees the efficiency of its administrative management. However, the company does not have an internal control system due to a lack of knowledge and training in control issues. The owners are resistant to the implementation of formal controls, as they perceive them as a bureaucratic burden and an expense they are unwilling to incur. They tend to be more focused on daily operations and short-term revenue generation and view the implementation of an internal control system as an activity that does not have an immediate impact on results. This result coincides with Pachas (2021), who indicates that internal control has a direct and beneficial effect on the company's administrative management. However, in most cases, micro and small businesses do not implement control systems, but rather use empirical processes that do not ensure the excellence of stable and formal systems. An internal control system should be used in all types of businesses to improve their management and competitiveness. The company under study, while recognizing the importance of having a formal internal control framework to help them improve management, presents several difficulties and errors in its administrative management. For example, the operational staff (tap operators) lack knowledge regarding the issuance of payment vouchers, are also untrained in customer service, and there is no organization and functions manual.

They have not carried out a formal risk identification process. They address risks as they arise, that is, when problems or situations arise that represent threats to operations or results. They do not have a documented process that allows them to have a comprehensive view of the main risks they face. Their risk management is based mainly on the experience and empirical knowledge they have acquired as administrators over the years. This assessment is similar to that of Aguirre & León (2023) , who agree that there is a very powerful symmetry or equality between internal control and administrative management; both must go hand in hand for the company to achieve its objectives efficiently and effectively. Likewise, controls and administration are important to detect and identify adverse situations, risks (internal, external), and immediately present corrective actions. Control cannot be separated from administration since it can severely compromise the



competitiveness and sustainability of micro and small businesses, diminishing their ability to grow and adapt to market changes.

The case company does not have an organization and functions manual in place. Task responsibilities are not separated among different employees; they are performed as needed, and orders come directly from the company owner. There are no measures to verify that staff are fulfilling their assigned duties. The company's lack of formal oversight has created a series of communication problems. They do not have a good communication culture between owner and employee; operational staff are not prepared to share ideas and information. They do not realize that there are gaps in their documentation and information access processes; mainly for reasons of cost reduction, they have not acquired formal control systems in the company, nor have they hired internal auditors or specialized personnel to perform this specific and important function. This result is identical to Huamán (2023) , who states that The implementation of an internal control system is essential to driving business development. Furthermore, there is a close connection between organizational control and the capacity of administrative management. A well-designed and implemented control system helps improve efficiency, effectiveness, and decision-making in various administrative processes. Proactive controls allow you to monitor and regulate the daily activities that constitute the foundation of your business, such as inventory, purchasing and sales processes, customer service, and more. If these operational processes are properly controlled, management can make more informed and accurate decisions in key aspects of management, such as planning objectives and budgets, allocating resources, organizing roles and responsibilities, and establishing control and feedback mechanisms. Furthermore, there is a clear relationship between internal control and efficiency in administrative management.

Regarding administrative management , the company under study recognizes the importance of good administrative management. However, it presents several deficiencies. It lacks clearly defined organizational goals and objectives. It operates without a formal strategic plan to determine the results it wants to achieve in the short and medium term. Its decisions and actions were based more on the experience and knowledge it gained as leaders in companies in the same sector. It recognizes that this is a significant shortcoming affecting the company's management. Because it lacks formally defined organizational goals and objectives, it also lacks structured strategies or action plans to achieve them. Its actions are focused on day-to-day work, solving problems and addressing needs as they arise, but there is no strategic plan to guide the direction of the business. It has not yet developed a detailed action plan that includes the activities, owners, timelines, and resources necessary to achieve specific results. The lack of planning and strategy is the main drawback limiting the growth and development of its small fuel marketing business. In the absence of formal objectives, strategies, and action plans, they cannot communicate or share this information with staff. The decisions and actions taken by the company are communicated in an informal and unstructured manner. Employees know their daily tasks and responsibilities, but are unaware of the direction and objectives the organization is trying to achieve. The lack of coherence and communication in strategic planning is a weakness that hinders employee engagement and active participation in achieving the company's objectives. There is also a similarity to what Castro (2021) stated , who confirms that internal control systems play an important role in improving administrative management standards. In particular, performance control impacts the effectiveness of administrative management, as it identifies areas for improvement and develops strategies to increase the competitiveness and sustainability of the organization. However, as in the case study, when companies do not have performance control systems, they face problems such as excess or shortage of inventory, late delivery of orders, billing errors, dissatisfied customers, and other aspects. These situations directly affect the administrative management of the organization; to aspects such as planning, decision-making, and the achievement of business objectives. Likewise, control systems are necessary for the efficient performance of administrative management. The organizational structure of the small fuel marketing company is very informal and poorly defined. It lacks a clear class organization, nor clear roles and responsibilities. Functions in different areas, such as sales, operations, and management, are separated from each other and lack effective coordination. The lack of a clear organizational structure hinders the effective development of operations, generates confusion among staff, and limits the company's ability to achieve its objectives. Within the company, employee tasks and responsibilities are neither clearly defined nor divided. Instead, employees informally perform multiple roles

and functions depending on emerging needs. There are no job descriptions or organizational charts to formalize the activities and responsibilities of each team member. This creates confusion, duplication, and sometimes conflict among employees, which negatively impacts the efficiency of the company's operations. Coordination between the different areas of the small fuel marketing company is deficient because the organizational structure is informal and roles and responsibilities are not defined. These activities are carried out in isolation without comprehensive knowledge of the processes and fluid communication between areas. This generates synchronization problems, delays, and duplication of work, which negatively affects the efficiency and effectiveness of management. Similarly, this synthesis is similar to Barreno and Bernal (2019), who agree that the implementation of an internal control system is important to ensure good administrative management. Operant control contributes to improving the efficiency of administrative processes, the company's ability to perfect the use of its human, financial, and material resources, as well as to reducing weaknesses or deficiencies, particularly in inventory control and the quality of customer service, since it impacts the efficiency of administrative management. Likewise, operant control dominates the effectiveness of administrative management, that is, the company's ability to achieve established objectives and goals. As the company's leader, you recognize that there is still room for improvement in your leadership and employee motivation skills. Although the manager had extensive experience in this field and worked hard to train his team, he has not yet developed formal leadership skills to motivate employees and create greater engagement. At times, his management style can be perceived as authoritarian and unengaged, which can affect employee motivation and performance. In the small business, the lines of communication between management (i.e., the manager) and employees are mostly informal and unstructured. In certain situations, communication is primarily verbal and reactive. They lack timely, two-way feedback. This can lead to misunderstandings, inconsistencies, and sometimes rumors or misunderstandings that can affect the organization's operations.

Given the informal structure of the company and the role played by the manager as the company's executive, the decision-making process is primarily centered on the manager (owner). While he strives to make timely decisions based on his experience and knowledge of the business, he recognizes that this is not always a participatory process. Sometimes he does not take into account the perspectives and contributions of employees, which can generate resistance and a lack of commitment to implement decisions. This is where improvement is needed to make management more efficient. This result coincides with Leon (2023), who indicates that internal control in companies is important because it helps direct and control the administration efficiently and effectively for the proper development of its goals. In this way, internal control serves to review, find deficiencies and correct them immediately. In addition, when there is good internal control in companies, it helps management make accurate and coherent decisions regarding administrative management. Likewise, the implementation of an internal control system favors the administrative and economic growth of the company. Unfortunately, in the small fuel sales company, there are no formally defined performance indicators and standards for various activities and areas of the organization. Performance monitoring is based more on standards and personal experience, and there are no indicators or objectives to systematically measure and evaluate performance. The lack of indicators and standards makes it difficult to detect problems and implement corrective measures in a timely manner. Due to a lack of preparation, the company's follow-up and monitoring is very limited and informal. They take or receive training with occasional reports and keynote speeches, but they lack a structured and regular process for evaluating the performance of different areas and employees. Follow-up and monitoring activities are reactive, responding to specific situations that require intervention. This lack of control and oversight is a major flaw in management. When deviations or problems arise with operations, they take corrective measures immediately. However, they do not have well-established controls; these activities tend to be destructive. They do not have a formal procedure to systematically identify, analyze, and resolve problems. Corrective actions are carried out based on standards and the manager's experience and are not supported by a comprehensive control system that effectively prevents and addresses problems that arise in the company's administration. Likewise, this appreciation is complemented by Dominguez (2024), who points out that the adequacy of internal control systems is essential to guarantee effective management. Operational control helps improve the competence of administrative processes and is understood as the company's ability to optimally use its human, financial and material resources and reduce waste or inefficiency, especially inventory control, acquisitions and sales, administrative control helps in ensuring

efficiency in Administrative management. Similarly, operational controls help maintain consistency in performance and reduce errors when performing tasks. of administrative management, that is, the company's ability to achieve established goals and objectives, control the quality of customer service or delivery time that should not affect the achievement of business goals and customer satisfaction.

The implementation of an internal control system is proposed, developed according to the company's needs, which includes an Organization Plan, planning, review, information, and evaluation (internal audits). With the purpose of helping to address risks in management operations and providing reasonable security to achieve objectives, it will also strongly contribute to optimizing good administrative management. It will be a useful tool to help combat corruption, strengthen the company to achieve its performance and profitability goals, as well as prevent the loss of resources, improve institutional ethics by deterring illegal and incompatible behavior, facilitates the assurance of reliable financial information, and ensures that the entity complies with laws and regulations, avoiding loss of reputation and other consequences. These proposals coincide with Huamán (2023), who points out that implementing internal controls in organizations is essential to promote the development of the company. Furthermore, there is a close connection between control in organizations and the effectiveness of administrative management. A well-designed and implemented control system helps improve efficiency, effectiveness, and decision-making in various administrative processes. Proactive controls allow you to monitor and regulate the daily activities that form the foundation of your business, such as inventory, purchasing and sales processes, customer service, and more. If these operational processes are properly controlled, management can make more informed and accurate decisions in key management aspects, such as goal and budget planning, resource allocation, organization of roles and responsibilities, and establishment of control and feedback mechanisms. It was observed that fuel dispensers present a series of risks related to cash and issuance of payment vouchers. It is proposed to train, prepare, and coach staff to perform unannounced audits at points of sale, as well as the vault and petty cash manager. Since risks exist in fuel dispatch and sales operations, the absence of controls leads to data manipulation and irregular transactions such as the sale of vouchers for which they receive a percentage, handling transactions with cards that do not belong to the customer, and others that lead to a negative image for the company. However, cases have been detected of employees altering the volume of fuel dispatched, misappropriating cash, charging different prices than established, or making unrecorded sales. This proposal is consistent with Pachas (2021), who indicates that internal control is a comprehensive process implemented by management that encompasses all personnel in the organization. It is designed to prevent risks and provide reasonable assurance regarding the fulfillment of the company's mission, as well as to promote the efficiency and effectiveness of operations and the integrity of financial information; objectives related to reliability and compliance with applicable laws and regulations. In this sense, it has a direct and beneficial effect on company management. However, in most cases, the micro and small businesses surveyed do not implement control systems, but rather use empirical processes that do not ensure the excellence of stable and formal systems. The company does not have an organization and functions manual (MOF), nor does it have an organization and functions regulation (ROF). It is proposed to develop a structural and functional organizational chart of the company with the proper roles of personnel in the different areas, thus avoiding duplication of functions when executing orders from their superiors without harming the normal development of company operations. It will also serve to delegate responsibility to those responsible and will assist management in decision-making. Likewise, it is proposed to develop an organizational and functional regulation that stipulates internal regulations and policies. This coincides with the results found in Gabriel (2019), who specifies that it is essential to have an internal control system because it influences administrative management, where human resources are key to achieving objectives. For its positive operation, it is important to implement an organization and functions manual (OFM) to ensure that procedures are followed, since the manual describes the functions, objectives, characteristics, requirements, and responsibilities of each work area. In addition, it helps owners, representatives, managing directors, administrators, and employees make decisions to achieve efficient administration. A lack of training, updating, and instruction in areas related to administrative control and management was observed. It is proposed to hire specialists in fuel use and management, occupational health and safety, issuance of payment vouchers, counterfeit bill detection, and other skills necessary to reduce risks such as robberies, fires, and fines imposed by Sunat , Osinerg , and other institutions involved in the business. It was observed that there is a lack of adequate and appropriate

communication between operational and administrative staff and management. It is proposed that the company manager hold weekly meetings with all company personnel to address concerns, resolve complaints, and other issues. The purpose is to foster camaraderie and enable decision-making to achieve objectives, which would benefit both parties, since operational staff (the plumbers) are the face, the heart, and the representative of the company. Furthermore, it was also observed that the company does not monitor its activities and processes to verify their efficiency. Likewise, the implementation of internal auditing is proposed to supervise and correct procedures in the control and management of the company. This will also allow for the evaluation of staff performance in their roles, reduce risks, and strengthen areas of weakness. Internal control will also help achieve efficient competition and the attainment of established objectives.

## Conclusions

### *Regarding specific objective 1:*

Internal control is essential and it is necessary to implement it in the business environment without making distinctions regarding its economic level, this complete and implemented control system will be a powerful tool to support and assist management, direction and all personnel of the organization in decision making regarding weak points in the operational part, unannounced internal audits will be carried out to avoid adulteration of payment vouchers, extraction of fuel from dispensers belonging to the client and illicit appropriation of money, in this way it will be possible to achieve with efficiency and positive attitude the achievement of the goals set, likewise with the controls it will be possible to obtain the reliability of the financial information, strengthening in the critical areas where adverse situations are detected, for this the company will carry out audits in order to protect its assets as well as encourage compliance with laws, applicable regulations and company ratings, it will also be possible to promote compliance with established policies, measures designed to protect and safeguard available resources, verify the accuracy and veracity of the information to improve the company's capacity, it is also concluded that Internal control depends largely on integrity and values. In relation to administrative management, a relevant control system significantly impacts the efficiency of administrative management. It is also a key element for the success and sustainable development of a company. It also involves planning, organizing, directing, and controlling the various functions and activities of the company. It also indicates that the objective of good administrative management is to achieve organizational effectiveness and efficiency. Efficiency refers to the optimal use of resources (human, financial, material, etc.) to increase productivity. Efficiency itself means achieving the objectives set by the company. Regarding internal control and its impact on administrative management, there is a strong symmetry or fusion; both must go hand in hand for a company to effectively achieve its objectives. Control and administrative management are very important for the company; they help detect adverse situations and take immediate corrective measures. Controls cannot be separated from administrative management, as this would harm the competitiveness and sustainability of small and microenterprises and reduce their capacity for development and adaptation to market changes. Good internal control management has a direct impact on good administrative management. Control systems also play an important role in improving administrative management standards, identifying areas for improvement, and developing strategies to increase organizational competitiveness and sustainability.

### *Regarding Specific Objective 2:*

The company Dinogas Estaciones y Servicios SAC recognizes the importance of implementing control systems to improve administrative management. These internal controls help give a positive attitude to administrative processes while providing the company with the power to optimize human, financial and material resources and reduce weaknesses or gaps, especially in the areas of inventory control and customer service quality. Even so, due to lack of knowledge and expenses that they are not willing to incur, it does not have an internal control system in place for these reasons it presents poor administrative management, lacks a formal process for identifying internal and external risks, does not have a procedures manual, does not have an internal and external communication system, does not take timely supervision actions for the tasks entrusted to it, lacks strategies to establish actions and achieve its organizational goals and objectives

in the absence of these objectives it is impossible to share information with its staff, likewise it lacks an organizational structure which does not allow it and does not provide facilities for the normal development of its activities, nor does it have defined tasks and responsibilities of the staff, it does not have adequate coordination between the different areas of the small company, it does not present leadership and motivation capacity for staff, it also does not have clear and fluid communication channels, it does not share decision-making with staff, it does not monitor the performance of the areas and staff, its corrective actions in the face of adverse situations are deficient and destructive. It is clear that the company under study needs to implement its internal control systems to improve its administration and be able to grow with capacity.

*Regarding Specific Objective 3:*

It is proposed to small businesses and the company Dinogas Estaciones y Servicios SAC , to improve the internal control system in administrative management according to the following flow:

Opportunity (weakness)	Activities	Responsible	Indicator	Meta - product	Schedule
The company does not have an internal control system in place.	Implement an internal control system tailored to the company's needs, including an Organization Plan, planning, review, reporting, and evaluation (internal audits).	Preparation: Manager	100% of documents elaborated and approved.	Issue a report on the preparation, approval and implementation of the internal control system as a whole of its components.	April and May 2025
Lack of knowledge to detect and identify risks at the point of sale (fuel dispensers) and others.	Train, prepare, and coach staff to perform unannounced audits at points of sale, as well as the vault and petty cash manager.	Responsibility of: Manager	100% of control activities implemented	Issue an updated and revised report on the activities carried out.	June and July 2025
The company does not have an organization and functions manual (MOF), nor does it have an organization and functions regulation (ROF).	Prepare a structural and functional organizational chart for the company with the appropriate roles for staff in the different areas, thus avoiding duplication of duties when executing orders from superiors without hindering the	Responsibility of: Manager	100% activity completed.	Issue implementation and approval report for organizational tools and functions.	August 2025

	normal development of company operations.				
Lack of training, updating, and instruction in topics related to administrative control and management.	Hire specialists in fuel use and management, occupational health and safety, issuing payment vouchers, detecting counterfeit bills, and other skills needed to reduce risks such as robberies, fires, and fines imposed by Sunat , Osinerg , and other institutions involved in the business.	Responsibility of: Manager	100% activity completed.	Issue a report on the programming of training and coaching activities for staff.	August 2025
There is no adequate and appropriate communication between operational and administrative staff with management,	Hold weekly meetings with all company personnel to address concerns, resolve complaints, and other issues. This will foster camaraderie and enable decision-making to achieve objectives. This will benefit both parties, since operational personnel (the plumbers) are the face, the heart, and the representatives of the company.	Responsibility of: Manager	100% activity completed	Issue a report with the meeting schedule.	August and September 2025
The company does not monitor its activities and processes to verify their efficiency.	Conduct internal audits to monitor and correct procedures in the control and management of the company.	Responsibility of: Manager	100% of documents and processes developed and established	Issue a report On the unexpected scheduling of internal audits.	October to December 2025

	This will also allow for evaluating staff performance in their roles, reducing risks, and strengthening areas of weakness.				
--	--	--	--	--	--

## General Conclusion

By virtue of the bibliographic review and the case study, the importance of having an internal control system is recognized, however, its adaptation is not carried out, likewise, it is essential and necessary to implement it in the business environment without making distinctions with respect to its economic level, this complete and implemented control system will be an effective tool to support and assist management, direction and all the personnel of the organization in decision-making, likewise internal control depends largely on integrity and values. The company's failure to have an internal control system in place will have an impact on poor administrative management, the company lacks a formal process for identifying internal and external risks by not having a procedures manual, likewise the company does not have an internal and external communication system, likewise it does not carry out timely supervision actions for the tasks entrusted to it. In relation to administrative management, a pertinent internal control system significantly impacts the efficiency of administrative management is a fundamental element for the success and sustainable development of a company likewise implies planning, organizing, directing and controlling the diverse functions and activities of the company, also indicate that the objective of a good administrative management is to achieve the organizational effectiveness and efficiency. However, the company in study does not present strategies to establish actions and achieve its organizational goals and objectives in the absence of these objectives it is impossible to share information with its staff likewise lacks an organizational structure which does not allow and does not provide facilities for the normal development of its activities, nor have the tasks and responsibilities of the staff defined, do not have adequate coordination between the different areas of the small company, does not present leadership capacity and motivation to the staff, nor does it have clear and fluid communication channels, does not share decision-making with the staff, does not monitor the performance of the areas and the staff, its corrective actions in the face of adverse situations are deficient and destructive. Regarding internal control and its impact on administrative management, it is noted that there is a fusion between internal control and administrative management; the two must go hand in hand for a company to effectively achieve its objectives. Internal control significantly impacts administrative management; both become fundamental and powerful tools that should not be missing from a company's organization.

## References

- Update yourself. (July 23, 2021). actualicese.com . <https://actualicese.com/definicion-de-control-interno/>
- Aguirre, A., & Leon, J. (2023). Internal control and its relationship with administrative management in companies in the urban transport sector, in the district of San Juan de Lurigancho, year 2022. Thesis to obtain the title of Public Accountant, San Ignacio de Loyola University, San Juan de Lurigancho. <https://hdl.handle.net/20.500.14005/13729>
- Arias, J., Villarís, M. Á., & Miranda, M. G. (June 2016). The research protocol III: the. *Allergy*, 63 (2), 201–206. <https://www.redalyc.org/pdf/4867/486755023011.pdf>
- Auditool. (May 27, 2014). Importance of Objectives in Organizations According to COSO III. <https://www.auditool.org/blog/control-interno/importancia-de-los-objetivos-en-las-organizaciones-segun-coso-iii>
- Auditool. (May 31, 2016). [www.auditool.org . https://www.auditool.org/blog/control-interno/diecisiete-principios-de-control-interno-segun-coso-iii](https://www.auditool.org/blog/control-interno/diecisiete-principios-de-control-interno-segun-coso-iii)

- Barreno, G., & Bernal, E. (2019). Implementation of internal control to improve administrative management at Lead & Gym Technology in Chiclayo. [Certified Public Accountant, Señor de Sipan University], Chiclayo. <https://hdl.handle.net/20.500.12802/6206>
- Bi. (2024). [blog.corporacionbi.com](https://blog.corporacionbi.com) . <https://blog.corporacionbi.com/noticias/la-importancia-del-control-interno>
- Bustos, D. (2020). Internal control and its influence on the administrative management of micro and small service companies in Peru: the case of the Los Chimus Artisanal Fishermen's Association - Chimbote, 2017. [Thesis to obtain the title of Public Accountant, Los Ángeles Catholic University of Chimbote], Chimbote. <https://hdl.handle.net/20.500.13032/17993>
- Cañari, A. (2022). USIL Blogs . <https://blogs.usil.edu.pe/facultad-derecho/relaciones-internacionales/pymes-peruanas-importancia-internacionalizacion>
- Castro, E. (2021). Operational internal control system to improve administrative management at Burga & Asesores Asociados SCRL, Chiclayo 2018. [Thesis for the Degree of Public Accountant, Señor de Sipan University], Chiclayo. <https://hdl.handle.net/20.500.12802/8015>
- ECLAC. (2019). About Microenterprises and SMEs. ECLAC . <https://www.cepal.org/es/temas/pymes/acerca-microempresas-pymes>
- Cisneros, A.J., Guevara, A.F., Urdánigo, J.J., & Gárces, J.E. (January 2022). Techniques and Instruments for Data Collection that Support Scientific Research in Times of Pandemic. Economics and Business Sciences, Research Article, 8 (1), 1165–1185. <https://dominiodelasciencias.com/ojs/index.php/es/article/view/2546/5714>
- ComexPeru. (2021). Micro and small enterprises in Peru. ComexPeru , 1-53. <https://www.comexperu.org.pe/busquedageneral?busqueda=MYPE>
- Concept. (November 28, 2023). (E. Concepto, Editor) <https://concepto.de/gestion-administrativa/>
- Copitan, J. (2024). Impact of internal control on management accounting for Peruvian SMEs in the tourism sector: the case of "Lucho Tours SAC Tourist Services Company" - Huaraz, 2023. [Thesis for the title of Public Accountant, Catholic University of Los Angeles de Chimbote], Huaraz. <https://hdl.handle.net/20.500.13032/35432>
- Corposuite. (08/04/2022). [corposuite.com.mx](https://corposuite.com.mx) . Retrieved March 30, 2024, from <https://corposuite.com.mx/2022/08/04/que-es-la-gestion-administrativa/>
- Del Toro, J.C. (2005). Internal Control. Havana, Cuba. Retrieved March 22, 2024, from <https://doi.org/10.13140/RG.2.1.1684.2484>
- Dominguez, M. (2024). Control in the sales area and its impact on the administrative management of small businesses in the service sector in Peru: case of the transport and tourism company Alva SAC, Chimbote 2023. [Thesis to obtain the title of Public Accountant, Universidad Católica Los Ángeles de Chimbote], Chimbote. <https://hdl.handle.net/20.500.13032/35941>
- El Comercio (March 15, 2024). National Institute of Statistics and Census (INEI): National production increased 1.37% in January 2024. <https://elcomercio.pe/economia/inei-produccion-nacional-aumento-137-en-enero-de-2024-ultimas-noticia/>
- Gas. (March 15, 2024). [elgasnoticias.com](https://elgasnoticias.com) . <https://elgasnoticias.com/mira-como-se-distribuye-la-participacion-de-las-estaciones-de-servicio-segun-la-agesp-infografia/>
- Esan. (February 27, 2017). [www.esan.edu.pe](http://www.esan.edu.pe) . <https://www.esan.edu.pe/conexion-esan/que-buscan-las-organizaciones-con-el-control-interno>
- Gabriel, A. (2019). Internal control and its influence on inventory management in micro and small commercial enterprises in Peru: Case study "Empresa Estación de Servicio Belnorte SAc" - Chimbote, 2017. [Thesis for the Professional Title of Public Accountant, Universidad Católica Los Ángeles de Chimbote]. <https://hdl.handle.net/20.500.13032/11589>
- Gallardo, JJ (2022). "Internal control and its impact on the administrative process of the San Carlos gas station in Puerto Cayo, 2020 period." [Thesis Research Project, Southern Manabí State University], Ecuador. <https://repositorio.unesum.edu.ec/handle/53000/3520>
- Ginger, V. (2024). "Internal Control and Its Impact on the Administrative Management of the Marcimex SA Warehouse in Jipijapa Canton." Jijapa, Manabí, Ecuador: Jipijapa - Unesum. <http://repositorio.unesum.edu.ec/handle/53000/6211>
- Global Suite Solutions. (September 28, 2023). What is the Coso model? <https://www.globalsuitesolutions.com/es/que-es-coso-model/>
- Hernández, R., Fernández, C., & Baptista, P. (2014). Research Methodology. 6th Edition , 1-632. <https://acortar.link/I03so>
- Huamán, S. (2023). Internal control and its impact on the administrative management of SMEs in the transport sector in Peru: the case of Shalom Empresarial SAC - Ayacucho, 2023. [Thesis for the title of Public Accountant, Universidad Católica Los Angeles de Chimbote], Ayacucho. <https://hdl.handle.net/20.500.13032/34799>
- issuu.com (March 24, 2024). [https://issuu.com/pucesd/docs/6.tt\\_bravo\\_maria\\_alejandra/s/15569698](https://issuu.com/pucesd/docs/6.tt_bravo_maria_alejandra/s/15569698)
- The Comptroller General of the Republic. (August 2014). Conceptual Framework for Internal Control. Lima, Peru. <https://cdn.www.gob.pe/uploads/document/file/1305474/Marco%20conceptual.pdf>
- Leon, L. (2023). Characterization of the internal control of micro and small enterprises in the commerce sector of Peru: case of the commercial company "Galerías Hualcan SAC" - Huaraz and proposal for improvement, 2021. [Thesis to obtain the Professional Title of Public Accountant, Catholic University Los Angeles De Chimbote], Huaraz. <https://hdl.handle.net/20.500.13032/34118>
- Lixardo, C. (December 29, 2013). WORDPRESS.COM . <https://ballesteroscontrolinterno.wordpress.com/2013/12/29/antecedentes/>
- Lozano, C. (2023). COSO III Internal Control and Inventory Management of the Construction Company Datco S & H SRL - Huaraz, 2020 Period. [Thesis for the Professional Degree of Public Accountant, San Pedro University], Huaraz. <http://repositorio.usanpedro.edu.pe/handle/20.500.129076/23578>



- Mendoza, M.F., & Bayón, M.L. (2019). Internal control and SMEs. Dialnet . <https://dialnet.unirioja.es/servlet/articulo?codigo=7399802>
- Moreno, J. (2022). blog.hubspot.es . <https://blog.hubspot.es/marketing/la-importancia-de-las-pymes-en-colombia>
- ILO. (October 2019). International Labour Organization . <https://www.ilo.org/topics/micro-small-and-medium-enterprises>
- Pachas, M. (2021). Characterization of the internal control of micro and small enterprises in the service sector in Peru: the case of the MY WAY SAC restaurant - Chimbote, 2019. Los Angeles Catholic University of Chimbote, Chimbote. <https://hdl.handle.net/20.500.13032/20353>
- Parker, J. (February 18, 2023). microfinanzas.pe . <https://microfinanzas.pe/vistage-por-que-es-necesaria-una-buena-gestion-administrativa-en-las-pymes/>
- Peralta, I. (2022). "Internal Control in Administrative Management in the Human Talent Department of the Municipal Decentralized Autonomous Government, May 24." State University of Southern Manabí. Jipijapa – Manabí – Ecuador: Jipijapa - Unesum. <http://repositorio.unesum.edu.ec/handle/53000/4426>
- Perez, M. (September 2007). Theoretical considerations for the analysis of small and medium-sized enterprises as a source of employment generation. Scielo, 12 (39). [https://ve.scielo.org/scielo.php?script=sci\\_arttext&pid=S1315-99842007000300009](https://ve.scielo.org/scielo.php?script=sci_arttext&pid=S1315-99842007000300009)
- Polanía, C., Cardona, F., Castañeda, G., Vargas, I., Calvache, O., & Abanto, W. (2020). Quantitative & Qualitative Research Methodology: Conceptual and Practical Aspects for Application at Higher Education Levels. (IU Camacho, Ed.) <https://repositorio.uniajc.edu.co/handle/uniajc/596>
- Riveros, A. (July 23, 2020). What is the COSO Risk Management framework and how did it come about ? www.ealde.es: <https://acortar.link/xwdl7f>
- Salesforce LATAM Blog. (May 26, 2021). www.salesforce.com . <https://www.salesforce.com/mx/blog/gestion-de-pymes/Saltos>
- Saltos, S. (2018). Design of administrative policies for inventory control and commercial processes of the Tocayito distributor in Guayaquil. Ecuador: Guayaquil: ULVR, 2018. <http://repositorio.ulvr.edu.ec/handle/44000/2419>
- Sánchez, A. (February 1, 2021). www.salesforce.com . <https://acortar.link/SmNbqW>
- Solis, S. (2023). Internal control and its impact on the administrative management of the Marquito SAC transport company in the province of Huaraz, 2019 period. Huaraz: Institutional Repository of the Los Angeles Catholic University of Chimbote. <https://hdl.handle.net/20.500.13032/32135>
- ) . Regulations on Scientific Integrity in Research v001. 001. <https://www.uladech.edu.pe/la-universidad/transparencia/?search=integridad&lang=1&id=23&id=4#>
- University of Lima. (December 3, 2012). www.ulima.edu.pe . <https://www.ulima.edu.pe/en/node/2935>
- Vergara, Y. (2021). Internal control and its impact on administrative and financial management in the Ecuadorian Federation of Road Equipment Operators and Mechanics (FEDESOMECE), 2020. [Master's Degree in Accounting and Auditing, Quevedo State Technical University]. <https://repositorio.uteq.edu.ec/handle/43000/6433>
- World Bank. (June 27, 2023). United Nations . <https://www.un.org/observances/micro-small-medium-businesses-day>