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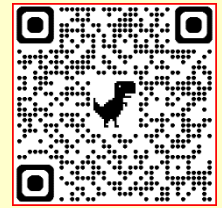
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## THE INFLUENCE OF THE EFFECTIVENESS OF THE MANAGEMENT CONTROL SYSTEM AND INTERNAL AUDIT ON COMPANY SUSTAINABILITY (CASE STUDY PT. EPINDO)

**Sandra Juliyanti<sup>1\*</sup>, Yanti<sup>2</sup>, Dhea Fatihah<sup>3</sup>**

<sup>1, 2, 3</sup> Accounting Study Program, Faculty of Economics and Business, Universitas Buana Perjuangan Karawang

**Corresponding Author:** Sandra Juliyanti

Accounting Study Program, Faculty of Economics and Business, Universitas Buana Perjuangan Karawang

### ABSTRACT

*In the era of globalization, companies face significant challenges in maintaining optimal operational performance to maintain corporate sustainability. The purpose of this study is to determine the effect of the effectiveness of the management control system and internal audit on corporate sustainability. The approach used is a quantitative method with a purposive sampling technique where the research population includes the management and internal audit divisions of PT Epindo. Data processing and analysis were carried out using the multiple linear regression method using SmartPLS 4 software. Based on the analysis results, the management control system and internal audit have a positive influence on corporate sustainability. Thus, the results of an effective management control system are able to direct the course of operations in line with sustainability goals, while internal audit plays a role in ensuring continuous evaluation and improvement to support the company's long-term performance.*

**KEY WORDS:** Management Control Systems, Internal Audit, Corporate Sustainability, SmartPLS 4

### INTRODUCTION

In the era of globalization to increase business competition, companies are required to maintain operational efficiency and ensure sustainability (Nanang Basuki, 2023). In facing the era of globalization, the company makes sustainability a core element that cannot be separated from its main strategy in order to maintain growth and competitiveness (Rahmawati et al., 2024). Corporate sustainability means that an organization operates responsibly and efficiently in the long term by considering social, environmental, and economic impacts (Kristianto et al., 2020).

PT Epindo has carried out sustainability practices in accordance with applicable regulations by implementing a management control system through various instruments, such as the establishment of Objective Planned Activity (OPAC), regular evaluation, and the application of ISO 9001 (Quality Management System) certification which aims to ensure that the products and services produced are able to meet customer expectations and needs, and ISO 14001 (Environmental Management System) which helps organizations manage environmental responsibilities systematically. However, in its implementation there are still shortcomings, particularly in terms of

effectiveness, especially in the management of subcontract road letters recorded in the PT Epindo system.

From the results of observations and interviews at PT Epindo in 2023, it was found that several subcontract road letters that should have been closed were still recorded in the system. This mismatch also occurred between subcontract stock recorded in the system and physical records in the field, which indicates weaknesses in the recording, verification, and inspection processes (Kusuma Winardi, 2021). In addition, the mismatch between the road letters and the system calculation creates a potential risk to the accuracy of inventory data and the company's operational efficiency (Nadya et al., 2024). Therefore, strengthening controls integrated with the management control system and supported by internal audit results is very important to prevent data mismatches that can affect the credibility, accuracy of information, and achievement of company performance (Linda Diana et al., 2023). The management control system is used by managers to assist employees in carrying out strategies and ensuring optimal company responsibility to achieve goals (Sari et al., 2023). The management control system can assist in planning to assess company performance and management (Sarah Simanjuntak et al., 2025). To support an effective management control system, a good internal audit is needed because audits play an important role in helping management identify, reduce risks, evaluate operational effectiveness and efficiency, and ensure the implementation of policies and procedures in accordance with applicable regulations (Soehaditama et al., 2023). The results of internal audits are not only used to ensure compliance with company policies and procedures, but also form the basis for formulating recommendations for improvements to improve operational efficiency (Zaskia et al., 2023). Companies can balance economic, social and environmental in corporate strategy as a form of realizing sustainability (Kristianto et al., 2020). In realizing sustainability, companies need an effective management control system and internal audit for company sustainability because it can minimize potential losses due to errors, fraud, or *inefficiency* (Sabauri, 2024).

Based on research (Kurnianto et al., 2025) on the effect of the effectiveness of the management control system with internal audit on company sustainability, it is revealed that the management control system has a positive influence on company sustainability. According to (Rahi et al., 2022) also found that the management control system has an effect on company sustainability, by implementing systematic and structured controls that help companies evaluate performance continuously. Meanwhile, according to (Ferretti et al., 2024) revealed that many organizations fail to integrate the control system into all dimensions of Environmental, Social, and Governance (ESG), especially in the social aspect which shows that the effect of the management control system on corporate sustainability cannot be considered always positive. Meanwhile, in the aspect of supervision and compliance, internal audit also plays an important role in supporting corporate sustainability (Pandiangan et al., 2024). This is similar to what was conveyed by (Amoako et al., 2023) that the effectiveness of internal audit implementation has a positive impact on the achievement of corporate sustainability. With that (Yasin et al., 2022) supporting these findings, internal audit has a significant influence on company sustainability with the implementation of an integrated management system that includes ISO 9001 (Quality Management System), ISO 14001 (Environmental Management System), and ISO 45001 (Occupational Health and Safety Management System). In this case, internal audit is the main tool in monitoring the effectiveness of system implementation and identifying potential sustainability risks. This is similar to what was conveyed by (Bahtiar et al., 2022) who

emphasized that internal audit has a major influence on company sustainability, including through improving employee performance and awareness of the environment.

Studies related to the effect of the effectiveness of the management control system and internal audit on company sustainability have been carried out by various researchers. However, the findings of previous studies show differences so that they have not provided consistent results. Studies that specifically discuss the effect of the management control system and internal audit simultaneously in supporting company sustainability, especially in service companies, are still very limited in their discussion. Therefore, this study is focused on examining more deeply the effect of the effectiveness of the management control system and internal audit on company sustainability. Based on the above statement, the following research questions are made.

RQ1: How does the management control system affect company sustainability?

RQ2: How does internal audit affect company sustainability?

## LITERATURE REVIEW

### Contingency Theory

The concept of contingency theory was originally proposed by Lawrence and Lorsch in 1967. in his book *Organization and Environment* states that there is no one best way to manage an organization, because each organization faces a different environment (Gandascita et al., 2024). Along with its development, contingency theory emphasizes the importance of *fit* between organizational elements such as strategy, structure, culture, and control systems with situational factors (Koyda et al., 2023). Therefore, the main function of contingency theory is to design *flexible* strategies and management systems by adjusting to situational variables such as the external environment, technology, organizational size, and corporate culture (Krahara et al., 2025). Through this approach, organizations can create more effective responses to specific challenges, optimize resource utilization, identify and manage potential risks, and improve overall organizational performance through aligning policies and procedures with the actual conditions faced (Aliu, 2025).

Contingency theory in the management control system is very important because it provides a systematic framework to ensure the achievement of company goals efficiently and accountably through planning, measuring performance, and controlling managerial activities (Flassak et al., 2023). The application of the management control framework in the company needs to be tailored to specific needs, challenges, and conditions so that performance can be achieved optimally (Soewarno, 2024). In this case, service companies that have the characteristics of order-based production, strict quality standards, as well as a high level of competition and demands for sustainability, the application of an adaptive management control system is very helpful so that operational processes continue to run efficiently and in accordance with the company's strategic goals (Yazid et al., 2025). Therefore, the effectiveness of the management control system affects the achievement of company goals in maintaining consistency in service quality, cost efficiency, and compliance with environmental regulations (Manta et al., 2024). In line with this, contingency theory in internal audit serves as an evaluation and supervision tool for performance and risk control that can achieve company goals (Moeller, 2020). Internal audit also plays an important role as part of control that is responsive to change and risk (Sabauri, 2024). Therefore, internal audit in service companies ensures that service

quality meets quality standards and is consistent with customer expectations (Prihastuti *et al*, 2025).

Contingency theory in corporate sustainability applies the basic principle that organizations that are able to adapt management control systems and internal audit mechanisms to external and internal dynamics will be more adaptive, accountable, and able to recover and survive in the face of pressure (Amoako *et al*, 2023). Companies that adopt good and effective management control systems and internal audits will be better prepared to deal with uncertainty, improve operational efficiency, and strengthen governance to achieve corporate sustainability (Appiah *et al*, 2024). Thus, the management control system and internal audit based on a contingency approach show an important foundation in maintaining the durability and sustainability of service companies amid the challenges of an ever-evolving business environment (Nopriyanto, 2025).

### Management Control System

The management control system is a series of activities to ensure that organizational processes are carried out in line with company objectives (Pitri *et al*, 2025). In addition, the management control system includes structured and non-structured procedures that are structured to create conditions that encourage increased opportunities and successful achievement of company goals (Fauzan, 2024). The purpose of the management control system is to improve strategic effectiveness, maintain operational efficiency, and support performance achievement through planning, performance assessment, strategy evaluation, and implementation of a feedback system (Mulawarman *et al*, 2025). Management control supports companies in making decisions more quickly and adaptively to the dynamics of the business environment, maintaining consistency in strategy implementation, and strengthening the company's overall competitive advantage (Yazid *et al*, 2025).

The implementation of a management control system in service companies plays an important role in ensuring that the services provided to customers are of good quality in a timely manner (Lenuwat *et al*, 2021). The management control system supports the consistency of service quality and the effectiveness of operational processes, and contributes to increasing the competitiveness of the company (Jati *et al*, 2023). The achievement of a company with an optimal management control system is also inseparable from the support of capabilities such as *Customer Relationship Management* and *Information Technology Management* so that integration between management control systems can strengthen the achievement of strategic goals and company sustainability (Yanti *et al*, 2024).

### Internal Audit

The internal audit process is an examination activity carried out within the organization by internal parties to assess an entity through measuring, testing, and evaluating various organizational activities (Juhadi *et al*, 2020). In this regard, the internal audit function which is influenced by competence, independence, management support, and audit quality plays an important role in adding value to the company, improving performance and, supporting the achievement of goals and good organizational governance provided that auditors are objective and free from conflicts of interest (Nopriyanto, 2025). Internal audit provides important support in efforts to prevent and identify fraud in the corporate environment which is a common risk in various company sectors (Anjani *et al*, 2023). Objective audit results can be used by management in making strategic decisions based on actual data and facts, and increase stakeholder confidence in the integrity and professionalism of the company (Prihastuti *et al*,

2025).

The implementation of internal audit in service companies engaged in metal coating is very important because the production process involves the use of chemicals, high energy consumption, and strict quality standards (Muslih, 2022). These conditions require consistent and comprehensive internal supervision so that all operational activities continue to run in accordance with standard operating procedures and applicable environmental regulations such as evaluating the effectiveness of controls over the use of raw materials, work safety, and the feasibility of coating procedures so that the results provided to customers are maintained in quality (Sartika *et al*, 2022). In addition, internal audit also supports plating service companies' efforts to build client trust from quality-sensitive industrial sectors, such as automotive, electronics, and medical (Febriyani & Setiawan, 2023). This trust also strengthens the company's competitive advantage in an increasingly dynamic manufacturing services market (Rahmawati *et al*, 2022).

### Company Sustainability

Corporate sustainability is a dynamic strategic approach that utilizes sustainable practices to establish relationships with stakeholders and achieve economic, social and environmental goals in a balanced manner (Ulfa Rotinsulu *et al*, 2023). According to (Iin Rosini *et al*, 2021) the condition of the company and its environment can be reflected in financial and non-financial reports, which contain information ranging from environmentally friendly initial processes, production oriented to preserve the environment and sustainable use of natural resources in the development of low-cost innovation, to corporate accounting practices. Since the launch of the *Global Reporting Initiative* (GRI) sustainability reporting guidelines in 2002, companies have begun to disclose their economic, social and environmental performance through sustainability reports submitted to stakeholders. Thus, corporate sustainability is a key factor in advancing the economy, strengthening social performance, and improving environmental performance for the realization of corporate sustainability (Yanti *et al*, 2024).

Sustainability in service companies, especially those engaged in metal plating services, has a high urgency because the production process involves the use of hazardous chemicals, high energy consumption, and generates waste that can have a negative impact on the environment (Nur Rohmatul *et al*, 2023). In this case, the implementation of sustainability practices in this industry can be done through the efficient use of raw materials, sustainable waste treatment systems, and the use of environmentally friendly coating technologies to reduce negative impacts on the ecosystem (Nugrahani *et al*, 2023). In addition, the preparation of transparent and accountable sustainability reports can also strengthen the reputation of plating service companies in the eyes of industrial clients, such as automotive and electronics, which generally have strict environmental and social standards (Yanti *et al*, 2024). Therefore, by applying sustainability principles in operations, plating service companies can meet environmental regulations while strengthening business competitiveness and reputation (Giurlani *et al*, 2024).

## FRAMEWORK AND RESEARCH HYPOTHESIS

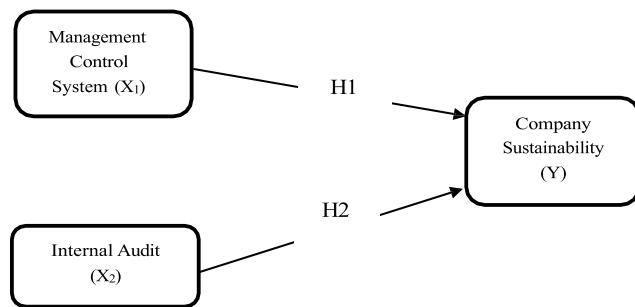


Figure1 . Thinking Framework Source: Author, 2025

### Effect of Management Control System Effectiveness on Company Sustainability

The management control system is a mechanism established to ensure that all organizational activities are aligned with the company's strategic objectives through continuous monitoring, evaluation, and performance adjustment (Kurnianto *et al.*, 2025). Not only internal monitoring and planning, this system also functions in supporting quality decision making, strengthening interdepartmental coordination, and increasing the effectiveness of resource management (Haryati, 2025). Meanwhile, corporate sustainability refers to the ability of an organization to maintain its operational continuity in the long term while maintaining a balance between economic, social, and environmental, as described in the *Triple Bottom Line* framework (Al Astal *et al.*, 2025). As business challenges evolve, the concept of sustainability undergoes adjustments in order to address contemporary issues such as policy dynamics and increasing expectations from stakeholders (Jroundi, 2025). Thus, an effective and adaptive management control system is believed to be able to encourage the achievement of corporate sustainability goals through responsive strategic planning and accountable supervision. Furthermore, in research (Dewi *et al.*, 2025) emphasized that the effectiveness of the management control system reflects the company's systematic approach in managing internal processes on an ongoing basis. Meanwhile, according to (Quesado *et al.*, 2024) also states that the management control system has a positive impact on company sustainability because it can support organizations in achieving welfare goals, expanding stakeholder responsibilities, increasing interaction with stakeholders, formulating organizational beliefs, and improving communication. Meanwhile (Fahmy, 2023) states that the management control system has an effective impact on company sustainability because it is able to create coordination, directed planning, and supervision that support the achievement of institutional goals efficiently. Based on this explanation, the hypothesis is formulated as follows:

**H1 : The management control system has a positive effect on company sustainability**

### The Effect of Internal Audit Effectiveness on Company Sustainability

Internal audit serves as an independent and objective function designed to assess the performance of internal control, risk management, and corporate governance to ensure operational activities operate in accordance with established policies (Tampubol *et al.*, 2025). In this case, the task of internal audit is not only focused on compliance and efficiency, but also plays a strategic role in supporting the achievement of corporate sustainability through proactive identification and mitigation of risks and providing relevant improvement recommendations (Pandiangan *et al.*, 2024). Corporate sustainability itself refers to the organization's ability to maintain its existence in the long term by taking into account the economic, social and environmental dimensions in a balanced manner (Al Astal *et al.*, 2025). Internal audit in corporate sustainability is further strengthened by the findings (Aurelia *et al.*, 2022) which reveal that strong internal audit has a positive impact on sustainability, especially through systematic supervision of operational processes and data-based decision making. This is in accordance with the opinion (Pandiangan *et al.*, 2024) that internal audit serves an important function in ensuring sustainability through independent and objective assurance of management processes, risk management, and organizational control. Furthermore, research (Amoako *et al.*, 2023) revealed that internal audit has a positive impact on the sustainability of the company with strict supervision and provides good recommendations for the company. Therefore, according to (Nugroho *et al.*, 2025) effective internal audit is formed through work experience, auditor competence, and utilization of audit technology which is proven to significantly increase the effectiveness of supervision and support company sustainability. Based on this explanation, the hypothesis is formulated as follows:

**H2: : Internal Audit has a positive effect on company sustainability**

### RESEARCH METHOD

This research uses a quantitative method, and the data obtained are primary data. The population of this study consists of employees in the management control system and internal audit division at PT Epindo. The sample used was 100 respondents, selected through a purposive sampling technique. Measurement was carried out using a Likert scale of 1–5 in the form of a questionnaire distributed via Google Form. The variables in this study are Management Control System (X1) and Internal Audit (X2) as independent variables, and Company Sustainability (Y) as the dependent variable. To analyze the relationship between the independent and dependent variables, this study employed SmartPLS 4 software

## RESEARCH RESULTS

### Research Results Description of Research Management Control System

Table 1. Variable Description - Management Control System

	Mean	Medium	Min	Max	Standard deviation	Excess kurtosis	Skewness
X1.1	3.980	4.000	1.000	5.000	1.039	1.565	-1.317
X1.2	3.760	4.000	1.000	5.000	1.1167	-0.300	-0.782
X1.3	4.040	4.000	2.000	5.000	1.009	-0.084	-0.970
X1.4	4.010	4.000	1.000	5.000	1.091	1138	-1287



<b>X1.5</b>	3.930	4.000	2.000	5.000	0.919	-0.313	-0.643
<b>X1.6</b>	4.150	4.000	1.000	5.000	1.099	1.640	-1.497
<b>X1.7</b>	3.880	4.000	1.000	5.000	0.983	1.968	1.360
<b>X1.8</b>	3.980	4.000	2.000	5.000	0.927	-0.228	-0.724

Source: Data analyzed using *SmartPLS 4*, 2025

Based on the table above, it displays *descriptive* statistics for the Management Control System variable. The highest average is in indicator X1.6 (4.150) and the lowest is in X1.2 (3.760), indicating the tendency of respondents to give a positive assessment of the control system implemented. The *skewness* of all indicators is negative, with the highest value at X1.8 (-0.724) and the lowest at X1.6 (-1.497), indicating that the data distribution leans to the left or

is dominant at high values. *Excess kurtosis* is highest in X1.6 (1.640), indicating a more pointed data distribution, while the lowest in X1.8 (-0.228) reflects a flatter distribution. The standard deviation values range from 0.927 to 1.167. With that, this finding reflects the respondents' positive assessment of the effectiveness of the management control system in the company.

#### Internal Audit

Table 2. Variable Description - Internal Audit

	Mean	Medium	Min	Max	Standard deviation	Excess kurtosis	Skewness
<b>X2.1</b>	4.030	4.000	2.000	5.000	0.974	-0.200	-0.851
<b>X2.2</b>	3.960	4.000	1.000	5.000	1.174	0.173	-1.051
<b>X2.3</b>	4.190	4.000	1.000	5.000	1.120	1.430	-1.469
<b>X2.4</b>	3.970	4.000	1.000	5.000	0.974	2.054	-1.257
<b>X2.5</b>	3.8890	4.000	2.000	5.000	1.057	-0.932	-0.550
<b>X2.6</b>	3.860	4.000	1.000	5.000	1.149	0.050	-0.925
<b>X2.7</b>	3.190	4.000	1.000	5.000	1.021	1.584	-1.306
<b>X2.8</b>	3.940	4.000	1.000	5.000	1.139	0.463	-1.119

Source: Data analyzed using *SmartPLS 4*, 2025

Table 2 displays *descriptive* statistics for variable X2. The highest average is in indicator X2.3 (4.190) and the lowest is X2.6 (3.860), indicating the tendency of respondents to give a positive assessment. The *skewness* of all indicators is negative, with the highest value at X2.5 (-0.550) and the lowest at X2.3 (-1.469), indicating that the data distribution is skewed to the left or dominant at high values. *Excess kurtosis* is also highest in X2.4 (2.054), indicating a more pointed distribution, while the lowest in X2.5 (-0.932), indicating a more flat distribution. With that, this finding reflects respondents' positive assessment of internal audit effectiveness.

#### Measurement Model Test (Outer Model)

The initial step in model analysis involves testing validity and reliability using the measurement model approach, also known as the *outer model*. The *PLS-SEM* measurement model explains the relationship between variables that cannot be measured directly through observable indicators (Yanti et, al 2024). This test includes an assessment of variable reliability, convergent validity, and discriminant validity, with the aim of ensuring that each indicator is able to describe the variable accurately and consistently.

#### Convergent Validity

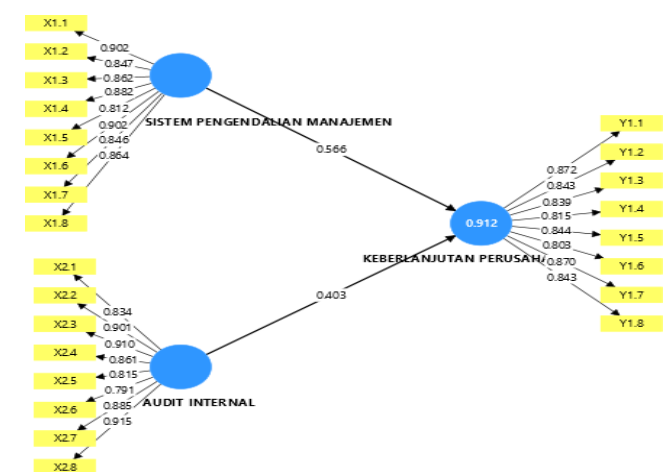


Figure 2. *Outer Model*

Convergent validity test in the reflective measurement model is tested by paying attention to the relationship between indicators and latent variables measured through the outer loading value, where indicators are categorized as valid if the loading value is more than 0.7 which indicates a high correlation with the variable. Based on the table above, all indicators in the variables, namely the Management Control System, Internal Audit, and Corporate Sustainability, have a loading value above 0.7. With the fulfillment of the convergent validity criteria on all indicators, this measurement model meets the validity requirements and can be used for further analysis.

### Discriminant Validity

Discriminant Validity aims to ensure that all variables in the model really have clear differences and there is no overlap between one variable and another. One of the testing methods is cross loading by comparing the loading value of an indicator on the main variable with the loading value on other variables. An indicator is said to fulfill discriminant validity if its loading value is highest on the variable it wants to measure, compared to other variables.

Table 4. Discriminant Validity

	X1	X2	Y
X1.1	0.902	0.807	0.832
X1.2	0.847	0.807	0.831
X1.3	0.862	0.847	0.838
X1.4	0.882	0.827	0.790
X1.5	0.812	0.656	0.775
X1.6	0.902	0.877	0.827
X1.7	0.846	0.851	0.851
X1.8	0.864	0.835	0.788
X2.1	0.745	0.834	0.716
X2.2	0.852	0.901	0.875
X2.3	0.884	0.910	0.894
X2.4	0.777	0.861	0.762
X2.5	0.817	0.815	0.800
X2.6	0.686	0.791	0.698
X2.7	0.802	0.885	0.821
X2.8	0.924	0.915	0.877
Y1.1	0.844	0.830	0.872
Y1.2	0.833	0.784	0.843
Y1.3	0.795	0.796	0.839
Y1.4	0.744	0.692	0.815
Y1.5	0.773	0.792	0.844
Y1.6	0.734	0.742	0.803
Y1.7	0.860	0.862	0.870
Y1.8	0.766	0.787	0.843

Source: Data analyzed using SmartPLS 4, 2025

Based on the results shown in the table, all indicators have the highest loading value on their respective main variables, namely the Management Control System (X1), Internal Audit (X2), and Corporate Sustainability (Y). This shows that each indicator can represent the variable it measures better than the other two variables. Thus, this model is considered to meet the criteria set by discriminant validity, because each indicator does not show overlapping measurements between variables.

### Construct Reliability and Validity

Construct reliability and validity are used to evaluate the extent to which the variables in the measurement model have the ability to present the concept under study correctly and consistently. Internal consistency between indicators is measured through variable reliability with Composite Reliability and Cronbach's Alpha values, while variable validity consists of convergent and discriminant validity, with a standard Average Variance Extracted (AVE) value above 0.5.

Table 5. Cronbach's Alpha, Composite Reliability and Average Variance

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
X1	0.952	0.952	0.960	0.7448
X2	0.952	0.956	0.960	0.749
Y	0.941	0.943	0.951	0.708

Source: Data analyzed using SmartPLS 4, 2025

Table 5 above displays the results of Construct Reliability and Validity testing,

All variables have *Cronbach's Alpha* and *Composite Reliability* values that exceed 0.9, indicating very high reliability. All *Average Variance* values are also more than 0.7, indicating that the indicators are able to explain variable *variance* well. In addition, the diagonal value on the *Fornell-Larcker* Criterion is higher than the correlation between other variables, so discriminant validity is fulfilled. Thus, the variables in this model are proven to be valid and *reliable* or trustworthy.

### R Square Test

The R-Square test is used to measure how much the independent latent variable is. This test assesses the ability of the independent variable to explain the dependent variable. The R value category is determined based on the level, namely strong if it reaches 0.75, moderate at 0.50, and weak at 0.25.

Table 6. R Square Test

	R-square	R-square adjusted
Y	0.912	0.910

Source: Data analyzed using SmartPLS 4, 2025

The table above shows the R-square is 0.912 with an adjusted R- square of 0.910 for variable Y (Company Sustainability). Based on the table above, this value indicates that 91.2% of the variation in company sustainability is influenced by the independent variables in the model, namely the Management Control System and Internal Audit. While the remaining 8.8% is influenced by other factors not included in this research model. Thus, this shows that the model has a Management Control System and Internal Audit. While the remaining 8.8% is explained by variables that are not included in this research model. Thus, high predictive power on company sustainability.

### Hypothesis Test

Table 7. Path Coefficient

	Original sample (O)	Sample mean (M)		T statistics (Io/STDEVI)	P values
X1→Y	0.566	0.567		6.266	0.000
X2→Y	0.403	0.401	0.089	4.550	0.000

Source: Data analyzed using SmartPLS 4, 2025

Based on Table 7 *path coefficient*, two relationships were tested, namely between the Management Control System (X1) and Internal Audit (X2) on Company Sustainability (Y) at PT Epindo. The results show positive coefficients of 0.566 for X1 to Y and 0.403 for X2 to

Y, respectively, with *P-values* of 0.000 on both paths confirming that both variables have a statistically significant effect. Thus, the Management Control System and Internal Audit have a positive impact on the sustainability of the company.

## DISCUSSION

### Effect of Management Control System Effectiveness on Company Sustainability at PT Epindo

The results of this study prove that the effectiveness of the management control system has a positive and significant effect on the sustainability of the company at PT Epindo. This finding is reflected in the positive *path coefficient* value and is supported by significant *p-values* and indicates that the relationship between the management control system and company sustainability does not occur by chance but shows a statistically significant relationship. This means that implementing an effective management control system at PT Epindo contributes significantly to encouraging the achievement of corporate sustainability practices. This is also reinforced by the *R square* value, which states that most of the sustainability variables can be described by the independent variables in this model, including the management control system and internal audit. Thus, the control system has gone beyond administrative functions, but has also become a managerial instrument that supports the transformation of the company towards long-term sustainability goals (Fatihah *et al*, 2023).

The results of this study are in line with contingency theory which states that there is no single approach that is *universally* applicable in managing organizations (Aliu, 2025). In this case, referring to contingency theory that each type of organization cannot do or cannot apply the same management strategy, system, or method (Dewi *et al*, 2025). Each organization has different characteristics and challenges, so the managerial approach and control system applied must be adjusted in achieving goals (Pitri *et al*, 2025). Therefore, the management control system cannot be designed uniformly, but must consider the specific conditions faced by the company in order to operate effectively (Rahi 2022). An adaptive management control system allows companies to respond to the dynamics of the external environment, operational complexity, and increasingly high sustainability demands (Yazid *et al*, 2025). The results of these findings reinforce the view that the management control system has a role beyond evaluation and supervision tools, but also as a strategic instrument that can encourage the achievement of sustainable business practices. These results are in line with research conducted (Traxler *et al*, 2023) that the management control system is able to strengthen organizational resilience in the face of external challenges and support the achievement of sustainability. Furthermore (Pramono *et al*, 2023) added that management control that is integrated with sustainability values helps companies in setting strategic directions that are consistent with ESG principles. (Setiawati *et al*, 2023) also found that an effective control system can direct organizational behavior to be more responsible for social and environmental aspects in the long term and is an important factor that must be considered in implementing long-term strategies.

### The Effect of Internal Audit Effectiveness on Company Sustainability at PT Epindo

The results of this study prove that internal audit has a positive and significant effect on company sustainability at PT Epindo. In addition, the higher the effectiveness of the implementation of the internal audit function, the greater the contribution to achieving long-term sustainability goals. Internal audit is not only responsible for ensuring compliance with applicable policies and procedures, but

also has a strategic role in assessing the implementation of programs relevant to sustainability principles consisting of economic, social, and li aspects (Olteanu Burcă *et al*, 2024). Through monitoring the implementation of ESG (*Environmental, Social, and Governance*) policies, evaluating risk management, and providing feedback to management, internal audit at PT Epindo has been shown to support more responsible and long-term oriented business practices (Fatihah *et al*, 2024).

The results of this study are in line with contingency theory, a conceptual foundation that emphasizes the importance of adjusting organizational elements to external and internal dynamics, so that internal audit systems cannot be static or generic, but must be tailored to specific needs, risks, and contexts (Krahara *et al*, 2025). In contingency theory, internal audit in service companies is an important tool that is responsive to environmental changes, regulatory demands, and stakeholder expectations (Prihastuti *et al*, 2025). Internal audit's strategic role is becoming more prominent as demands for accountability and transparency in corporate governance increase (Eulerich *et al*, 2022). This function is key in identifying gaps between actual practices and adopted sustainability commitments, as well as ensuring the effectiveness of internal control systems that support sustainability reporting, resource efficiency, and compliance with *Environmental, Social, and Governance* standards (Eulerich *et al*, 2022). This is in line with the results of research (Gherai *et al*, 2024) which confirms that internal audit has a crucial role in improving the quality of environmental, social and governance reporting and supporting the achievement of sustainable development goals. Similar support was also provided by (Nopriyanto, 2025) who underlined that internal audit contributes to cross-unit coordination and consistency in achieving corporate sustainability goals. Meanwhile, (Sabauri, 2024) emphasized that the effectiveness.

## CONCLUSION

The results of research and data testing show that the effectiveness of the management control system and internal audit significantly affects the sustainability of the company at PT Epindo. These results indicate that when the company is able to implement an effective management control system and carry out internal audits consistently, objectively, and independently, long-term operational sustainability will be more secure. Although, PT Epindo has implemented a control system through OPAC (*Objective Planned Activity*) routine evaluation, and ISO 9001 (*Quality Management System*) certification to guarantee products or services in accordance with customer needs, as well as ISO 14001 (*Environmental Management System*) which helps organizations manage environmental responsibilities systematically, there are still obstacles such as discrepancies in subcontract road letter data that have not been synchronized with physical conditions in the field. However, these problems can be overcome through evaluations conducted by internal audits and the integration of a more effective management control system. An effective management control system and optimized internal audit not only act as a control tool but also become the main foundation in maintaining the stability and strategic direction of the company. The effectiveness of both can minimize operational risks, optimize efficiency, and strengthen stakeholders' confidence in the company's performance.

## IMPLICATIONS

For future research, it is recommended to add additional variables such as transformational leadership, organizational culture, risk management, and top management commitment, which have the

potential to strengthen the effectiveness of the management control system. On the internal audit side, the variables of auditor independence, quality of audit findings, and follow-up on audit results are also important to be examined further. With the addition of these variables, it is hoped that it can provide a more comprehensive understanding of the factors that influence company sustainability.

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