

The Impact of Internal Control and Management Control Systems on Financial Performance, with Operational Efficiency as a Mediating Variable: A Systematic Literature Review

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Abstract

This study presents a Systematic Literature Review (SLR) examining the influence of internal control and management control system (MCS) on financial performance, with operational efficiency as a mediating variable. The review synthesizes 50 empirical articles published between 2020 and 2026, collected from SINTA, Emerald, Elsevier (ScienceDirect), MDPI, ProQuest, Taylor & Francis, and Google Scholar using defined inclusion–exclusion criteria. The findings indicate a growth trend in publications, with a peak in 2023, and reveal that most studies employ quantitative approaches grounded primarily in Agency Theory and Contingency Theory. Empirical evidence shows that internal control and MCS are the most frequently examined determinants of financial performance, while operational efficiency increasingly serves as a mediating mechanism linking control systems to profitability outcomes. Financial performance is predominantly measured using accounting-based indicators such as ROA and ROE. The synthesis highlights empirical inconsistencies and identifies gaps, particularly the limited integration of mediation models, cross-country analysis, and robust analytical methods. This review provides a structured overview of research trends and future research directions in management, control and financial performance literature.

INTRODUCTION

Financial performance is the primary indicator used to assess a company's success in creating economic value and maintaining business sustainability amid the dynamics of global competition (Aksoy & Yilmaz, 2025; Al Azizah & Haron, 2025; Almashhadani & Almashhadani, 2023; Mattera et al., 2022; Obioha, 2024). Strong financial performance reflects the effectiveness of strategy implementation, operational efficiency, and the quality of the control systems implemented by the company (Nguyen et al., 2021; Alzoubi, 2022). In the context of modern governance, internal control and Management Control Systems (MCS) are fundamental mechanisms that contribute to achieving organizational objectives effectively and efficiently (Li et al., 2020; Bedford, 2020). Internal control functions to maintain reporting reliability, operational effectiveness, and regulatory compliance, while MCS plays a role in directing organizational behavior in alignment with the company's strategy (COSO, 2013; Grossi et al., 2022).

However, various studies show that the effectiveness of internal control remains a challenge for many companies (Doyle et al., 2022; Krishnan & Yu, 2021). Weaknesses in internal control systems are often associated with an increased risk of reporting errors,

operational inefficiencies, and decreased profitability (Haislip et al., 2021; Nguyen & Nguyen, 2023). Empirical studies have found that companies with material weaknesses in internal control tend to demonstrate lower financial performance than companies with strong control systems (Li et al., 2020; Feng et al., 2023). This condition indicates that internal control functions not only as a compliance tool but also as an important determinant in the creation of a company's economic value (Skaerbaek & Tryggestad, 2020).

On the other hand, the Management Control System (MCS) has evolved as a strategic tool that helps management optimize resource utilization (Malmi & Brown, 2019; Merchant & Van der Stede, 2022). MCS includes performance measurement systems, budgeting, strategic control, and evaluation mechanisms designed to ensure the achievement of organizational targets (Simons, 2020). Recent research shows that the implementation of an integrated MCS positively affects financial performance through improved coordination, information transparency, and managerial accountability (Grabner & Moers, 2021; Bedford et al., 2022). However, some studies have also found that the influence of MCS on financial performance is contextual and influenced by the complexity of the business environment as well as organizational characteristics (Chenhall & Moers, 2023; Otley, 2019).

In recent literature developments, operational efficiency has increasingly been viewed as an important mechanism that mediates the relationship between control systems and financial performance. Operational efficiency reflects a company's ability to maximize output while minimizing input usage, thereby directly contributing to increased profitability (Cheng et al., 2020; Nguyen et al., 2022). Effective internal control can improve efficiency by reducing waste, strengthening process monitoring, and enhancing the quality of managerial information (Li et al., 2020; Feng et al., 2021). Similarly, a strategically designed MCS can enhance productivity and internal coordination, thereby improving cost efficiency (Bedford, 2020; Grossi et al., 2022).

However, findings regarding the role of operational efficiency as a mediating variable remain inconsistent. Several studies have found that operational efficiency significantly mediates the relationship between control systems and financial performance (Nguyen & Nguyen, 2023; Tran et al., 2023). In contrast, other studies indicate that the mediating effect is not always significant, particularly in companies with high levels of complexity or within the context of developing countries (Almaqtari et al., 2021; Lopez-Valeiras et al., 2020). These differences in findings suggest that the relationship among internal control, MCS, operational efficiency, and financial performance remains inconclusive and requires a systematic review.

Based on the mapping of research conducted during the 2020–2025 period, it can be concluded that there are variations in empirical findings related to the influence of internal control and Management Control Systems on financial performance, both directly and indirectly through operational efficiency (Li et al., 2020; Bedford, 2020; Nguyen & Nguyen, 2023). In addition, research comprehensively integrating these three variables within a single conceptual framework based on a Systematic Literature Review (SLR) remains relatively limited. This condition indicates the existence of a research gap that warrants further investigation.

The urgency of this research is driven by several factors. First, global economic uncertainty following the COVID-19 pandemic has heightened the importance of effective control systems and operational efficiency for organizational survival and performance. Second, regulators and practitioners require evidence-based guidance for designing and implementing control systems that enhance financial performance. Third, inconsistent findings in the existing literature create confusion for decision-makers seeking to understand the actual impact of control mechanisms. Without a comprehensive synthesis, efforts to improve control systems and operational efficiency may become suboptimal or misdirected. The novelty of this research lies in three aspects. First, this study systematically integrates the literature on internal

control and MCS within a single SLR framework, whereas previous reviews have generally examined these mechanisms separately. Second, this research explicitly focuses on operational efficiency as a mediating variable, an area that has received limited attention in prior synthesis studies. Third, this study covers the most recent period (2020–2026), thereby capturing post-pandemic developments in control system research.

Based on these conditions, this study formulates several research questions as follows:

1. RQ1: How has research related to the influence of internal control and Management Control Systems on financial performance developed during the 2020–2025 period?
2. RQ2: What are the empirical findings of previous studies, and what variations in financial performance measurement approaches have been used in operationalizing the research?
3. RQ3: How can future research directions related to the role of operational efficiency as a mediating variable in the relationship among internal control, Management Control Systems, and financial performance be identified?

This study aims to present a comprehensive and structured Systematic Literature Review (SLR) on the influence of internal control and Management Control Systems on financial performance, with operational efficiency serving as a mediating variable. This SLR is expected to identify patterns in empirical findings, research gaps, methodological trends, and research periods, as well as provide recommendations for future research directions. Thus, this study is expected to contribute theoretically to the development of management accounting and corporate governance literature, while also providing practical contributions to management and regulators in improving the effectiveness of control systems and organizational performance.

Agency theory describes the contractual relationship between company owners (principals) and management (agents) that arises from the separation of ownership and control within a company (Jensen & Meckling, 1976). This relationship has the potential to create conflicts of interest and information asymmetry that may affect strategic decision-making and the achievement of financial performance objectives. In this context, internal control and Management Control Systems (MCS) function as monitoring and control mechanisms intended to minimize opportunistic managerial behavior and ensure that organizational resources are utilized efficiently and in alignment with the company's objectives (Li et al., 2020; Bedford, 2020; Nguyen & Nguyen, 2023). Therefore, agency theory provides a theoretical foundation suggesting that effective control systems can improve operational efficiency and ultimately have a positive effect on financial performance.

Internal control is a system designed to provide reasonable assurance regarding the reliability of financial reporting, the effectiveness and efficiency of operations, and compliance with applicable regulations (COSO, 2013). Strong internal control can reduce the risks of errors, fraud, and resource wastage, thereby supporting improved organizational stability and profitability (Haislip et al., 2021; Li et al., 2020). Recent research indicates that weaknesses in internal control are negatively correlated with financial performance because they increase operational risks and unnecessary costs (Nguyen & Nguyen, 2023; Feng et al., 2021). Therefore, the effectiveness of internal control is an important determinant in promoting operational efficiency and achieving optimal financial performance.

A Management Control System (MCS) is a set of formal and informal mechanisms used by management to ensure that organizational activities are conducted in accordance with the company's strategy and objectives (Malmi & Brown, 2008; Bedford, 2020). MCS includes performance measurement systems, budgeting, strategic control, and incentive systems designed to align individual behavior with organizational goals (Grossi et al., 2022; Otley, 2016). The literature published during the 2020–2026 period indicates that the implementation of an integrated MCS contributes to improved internal coordination, information transparency,

and decision-making effectiveness, which ultimately has a positive impact on a company's financial performance (Tran et al., 2023; Nguyen et al., 2022).

Financial performance describes a company's ability to generate profits and create sustainable economic value and is generally measured using indicators such as Return on Assets (ROA), Return on Equity (ROE), and Net Profit Margin (NPM) (Nguyen et al., 2021; Alzoubi, 2022). Financial performance is influenced not only by external conditions but also by the effectiveness of the company's internal control and management systems in managing resources efficiently (Li et al., 2020; Bedford, 2020). Therefore, financial performance reflects the company's success in optimally integrating control systems and operational strategies.

Operational efficiency reflects a company's ability to maximize output while minimizing input usage, thereby directly contributing to increased profitability and competitiveness (Cheng et al., 2020; Nguyen et al., 2022). Effective internal control can improve efficiency through stricter process supervision and reduced resource wastage (Feng et al., 2021; Li et al., 2020), while an integrated Management Control System can strengthen organizational coordination and productivity (Grossi et al., 2022). Therefore, operational efficiency functions as a mediating variable that explains how internal control and MCS can indirectly improve a company's financial performance.

METHOD

This study used the Systematic Literature Review (SLR) method by following the stages of planning, implementation, and reporting as stated by Kitchenham et al. (2009). This method was chosen to identify and evaluate previous research systematically and objectively. Through a structured and transparent approach, the results of the study can be replicated scientifically (Meutia et al., 2022).

Systematic Literature Review *Protocol*

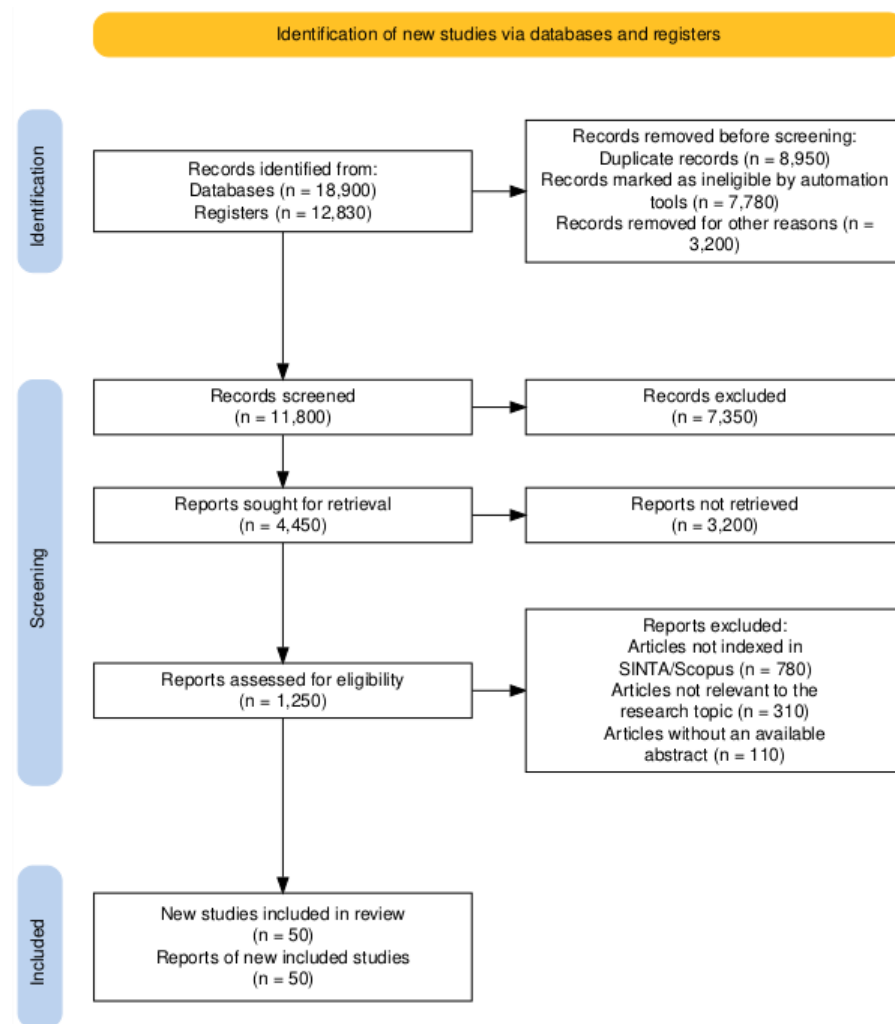


Figure 1. Systematic *Literature Review* (SLR) Protocol

The inclusion criteria in this study included articles discussing the influence of internal control and Management Control Systems (MCS) on financial performance, as well as studies examining operational efficiency as a mediating variable. The selected studies employed quantitative and mixed-method approaches, whereas purely qualitative research was excluded from the scope of the review. The selected articles were obtained from national and international journals published during the 2020–2026 period to ensure relevance to recent developments in management accounting literature and corporate governance.

The exclusion criteria included studies that did not identify internal control, Management Control Systems, or financial performance as the primary variables of analysis. In addition, studies that did not address operational efficiency within the framework of intervariable relationships were excluded from the selection process. Research employing a purely qualitative approach or studies not aligned with the objectives of the Systematic Literature Review were also excluded to maintain the consistency and focus of the study.

Resources

The primary databases used in this study included SINTA, Emerald, Elsevier (ScienceDirect), MDPI, ProQuest, and Taylor & Francis, with Google Scholar serving as a

supplementary source to expand the search for articles relevant to internal control, Management Control Systems, operational efficiency, and financial performance. The keywords used in the search process were “Internal Control,” “Management Control System,” “Financial Performance,” and “Operational Efficiency.” The retrieved articles were then screened based on predetermined criteria and subsequently summarized for analysis within the framework of the Systematic Literature Review.

Table 1. Number of Articles Published In Journals

No	Journal Name	Table of Contents	Number of Articles	Percentage
1	Journal of Accounting and Public Policy	Q1	3	6%
2	Management Accounting Research	Q1	4	8%
3	Journal of Business Research	Q1	3	6%
4	Accounting, Organizations and Society	Q1	2	4%
5	International Journal of Accounting Information Systems	Q1	2	4%
6	Journal of Cleaner Production	Q1	2	4%
7	Corporate Governance: An International Review	Q1	2	4%
8	Asian Review of Accounting	Q2	3	6%
9	International Journal of Productivity and Performance Management	Q2	4	8%
10	Journal of Financial Reporting and Accounting	Q2	2	4%
11	Sustainability	Q2	3	6%
12	Cogent Business & Management	Q2	2	4%
13	Indonesian Journal of Accounting and Finance	S2	3	6%
14	Indonesian Journal of Accounting and Auditing	S2	2	4%
15	Scientific Journal of Accounting and Business	S2	2	4%
16	Owner: Research & Accounting Journal	S3	3	6%
17	Journal of Management and Finance	S3	2	4%
18	Journal of Multiparadigm Accounting	S3	2	4%
19	Journal of Economics and Business	S3	2	4%
20	Journal of Management Control	Q1	2	4%
Total			50	100%

Source: Data analyzed, 2026

RESULTS AND DISCUSSION

Research Developments

This section answers RQ1 which describes the development of research on internal control, management control system (MCS), and financial performance, as well as the role of operational efficiency as a mediating variable in the 2020–2025 period. Based on the results of the literature search, research publications showed an increasing trend at the beginning of the study period. In 2020 5 articles were found, then increased to 9 articles in 2021, 12 articles in 2022, and reached a peak in 2023 with 15 articles. Furthermore, the number of publications decreased to 6 articles in 2024 and 3 articles in 2025. All research in this study period was dominated by quantitative approaches, while research with qualitative approaches and mixed methods was relatively very limited in the context of the relationship between internal control, MCS, operational efficiency, and financial performance.

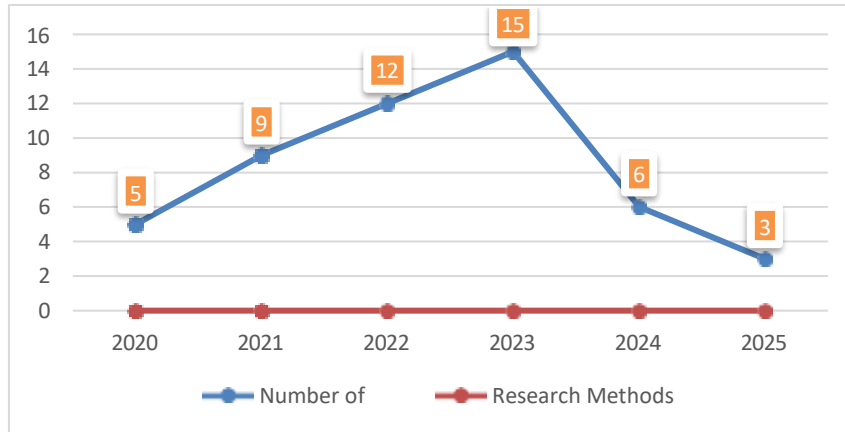


Figure 2. Year of Publication

Based on the distribution theory, Agency Theory is the most dominant theory used in research, followed by Contingency Theory and Resource-Based View (RBV). This shows that most studies emphasize the importance of control mechanisms to reduce agency conflicts as well as the role of organizational context and resource management in improving financial performance. Meanwhile, other theories such as Institutional Theory, Stewardship Theory, and Transaction Cost Economics are used as supporting perspectives to enrich the analysis of the relationship between internal control, management control system, operational efficiency, and financial performance.

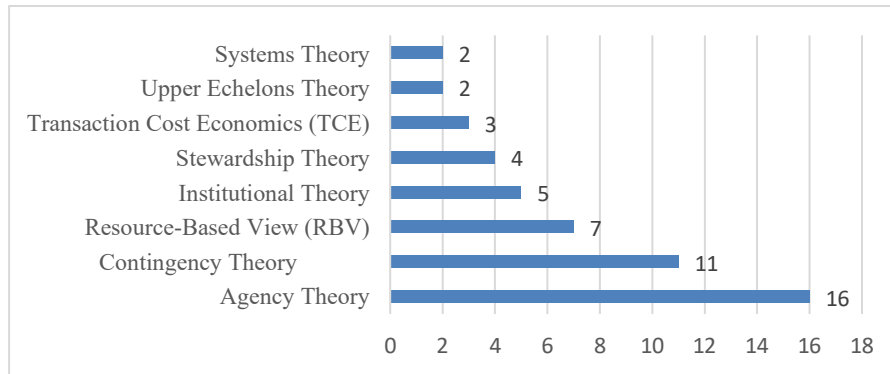


Figure 3. Research Theory

Based on the distribution of research countries, Indonesia is the country that is the most studied country, followed by China and Malaysia. This shows that research on internal control, management control systems, operational efficiency, and financial performance still focuses a lot on the context of developing countries in the Asian region. However, research from the United States, the United Kingdom, and several European countries shows that this topic is also globally relevant and applied in a variety of different corporate governance systems.

Table 2. Countries Studied

No	Country	Number of Articles	Percentage
1	Indonesia	18	36%
2	China	8	16%
3	Malaysia	6	12%
4	Vietnam	5	10%
5	United States	4	8%
6	English	3	6%
7	India	3	6%
8	Europe Region	3	6%
	Total	50	100%

Source: Data analyzed, 2026

Based on Table 3, most of the articles were published in journals originating from Indonesia, which was as many as 20 articles (40%). Furthermore, journals from the United States contributed 9 articles (18%), followed by the United Kingdom with 7 articles (14%) and China with 5 articles (10%). Meanwhile, journals from Malaysia and Australia published 3 articles (6%) each, while other countries such as the Netherlands and Spain had smaller contributions. These findings show that although publications are still quite dominated by national journals, the contribution of reputable international journals also strengthens the global perspective in the study of *internal control* and *management control systems* on financial performance.

Table 3. Distribution of the Country of Origin of Journal Publications

No	Country	Number of Articles	Percentage
1	Indonesia	20	40%
2	United States	9	18%
3	English	7	14%
4	China	5	10%
5	Malaysia	3	6%
6	Australia	3	6%
7	The Netherlands	2	4%
8	Spain	1	2%
Total		50	100%

Source: Data analyzed, 2026

Table 4 shows that research on internal control and management control systems on financial performance with operational efficiency as a mediating variable was most widely conducted in the banking and financial services sector (24%), followed by the manufacturing sector (22%) and non-financial services (18%). The energy and utilities sectors also have a significant contribution (14%), while the technology, transportation, property, and cross-sector research sectors have a smaller proportion. This shows that this study tends to be concentrated in industries with high levels of control complexity and operational efficiency needs.

Table 4. Research Sector

No	Sectors	Number of Articles	Percentage
1	Banking	12	24%
2	Mining & Energy Sector	11	22%
3	Transportation & Logistics	9	18%
4	Infrastructure, Utilities, and Transportation	7	14%
5	<i>Consumer Goods & Consumer Non-Cyclicals</i>	4	8%
6	Non-Bank Financial Sector (Insurance & Finance)	3	6%
7	Property & Real Estate	2	4%
8	Cross-Sector	2	4%

Source: Data analyzed, 2026

Table 5 shows the grouping and number of occurrences of research variables used in the 50 articles analyzed in this study. These variables include dependent, independent, mediation, moderation, and control variables that are used to explain the relationship between constructs within the framework of the research model.

Empirical Results of Previous Research

This section answers RQ2 through a general mapping of the results of previous research as summarized in Table 5. All studies place financial performance as a dependent variable (100%), showing the consistency of the study's focus on achieving company performance. Structurally, the study examined more internal control (76%) and management control system (MCS) (68%) as the main determinants. The operational efficiency variable appeared in 42% of the studies, either as a mediating variable or as an additional independent. Meanwhile, the explicit use of moderation/mediation variables is still relatively limited (28%), and control variables such as firm size, leverage, and firm age are used in 36% of studies, indicating that there are efforts to improve the validity of the model although it has not yet become a dominant practice.

Table 5. Synthesis of Empirical Results of Previous Research

No	Variable Groups	Variable Name	Number of Appearances	Percentage	Common Roles in Models
1	Dependent Variable	<i>Financial Performance (ROA, ROE, NPM, Tobin's Q)</i>	50	100%	Main variables described
2	Internal Control	<i>Internal Control Effectiveness, Internal Control Weakness, COSO Framework</i>	38	76%	Generally as an independent variable
3	Management Control System	<i>Performance Measurement System, Budgetary Control, Strategic Control</i>	34	68%	Generally as independent
4	Operational Efficiency	<i>Cost Efficiency, Asset Turnover, Operating Efficiency</i>	21	42%	Independent / Mediation
5	Firm Characteristics	<i>Firm Size, Firm Age, Ownership Structure</i>	18	36%	Independent / Control
6	Governance Variables	<i>Board Characteristics, Audit Committee, Risk Management</i>	15	30%	Independent/Moderation
7	Moderation/Mediation Variables	<i>Operational Efficiency (mediation), Risk Management (moderation)</i>	14	28%	Indirect explanatory variables
8	Control Variables	<i>Leverage, Growth, Industry Type</i>	18	36%	Controlling external factors

Source: Data analyzed, 2026

In contrast to the mapping of the group of variables, Table 6 shows the distribution of the occurrence of each variable in more detail. The internal control variable is the most frequently researched (38), followed by the management control system (34). Operational efficiency variables appear to be quite significant both as independent and mediated (21), while financial performance indicators such as ROA, ROE, and Tobin's Q are used consistently as dependent variables (50). Control variables such as firm size, leverage, and firm age were also quite dominant (18–20 occurrences), reflecting efforts to improve the validity of the model. Meanwhile, the use of moderation and mediation variables is still relatively limited compared to direct relationship testing, suggesting that most studies still focus on the direct effects of control systems on financial performance.

Table 6. Distribution and Role of Research Variables

No	Variable	Dependency	Independent	Moderation	Mediation	Controls
1	<i>Financial Performance (ROA, ROE, NPM)</i>	38				
2	<i>Financial Performance (Tobin's Q)</i>	12				
3	<i>Internal Control Effectiveness</i>		38			
4	<i>Internal Control Weakness</i>		16			
5	<i>Management Control System</i>		34			
6	<i>Performance Measurement System</i>		18			
7	<i>Budgetary Control</i>		14			
8	<i>Strategic Control</i>		11			
9	<i>Risk Management</i>		9	5		
10	<i>Operational Efficiency</i>		15		8	
11	<i>Cost Efficiency</i>		10		5	
12	<i>Asset Turnover</i>		8		4	
13	<i>Firm Size</i>		9			14
14	<i>Leverage</i>		12			10
15	<i>Firm Age</i>		6			7
16	<i>Ownership Structure</i>		7			
17	<i>Industry Type</i>					9
18	<i>Firm Growth</i>					8
19	<i>Corporate Governance</i>		10			
20	<i>Organizational Performance (Non-Financial)</i>		6		3	
	Total	50	223	5	20	48

Source: Data analyzed, 2026

Measurement

This section also answers the RQ2 question regarding the measurement of financial performance variables in the reviewed study. The focus of the discussion is directed at how each study defines and operates financial performance in its empirical model, including the choice of profitability, market value, and accounting-based efficiency indicators. Thus, this section provides an overview of the conceptual approach and measurement methods used in assessing financial performance.

Table 7. Financial Performance Measurement

No	Measurement Method	Example of Indicators	Number of Articles	Percentage
1	Accounting-based profitability	<i>OE, Net Profit Margin</i>	27	54%
2	Market value-based performance	<i>Market-to-Book Value</i>	11	22%
3	Margin-based operational performance	<i>Operating Margin, EBIT/EBITDA Margin</i>	6	12%
4	Growth-based performance	<i>Growth, Earnings Growth</i>	4	8%
5	Composite size/performance index	score of multiple ratios	2	4%

Source: Data analyzed, 2026

Based on Table 7, the most widely used measurement method in the study is accounting-based profitability such as ROA and ROE, which is as many as 27 articles (54%). The dominance of accounting measures shows that most studies assess financial performance from a company's ability to generate returns on assets and equity, making it easier than between firms and between periods. Furthermore, as many as 11 articles (22%) used market value-based measures such as Tobin's Q or market-to-book to capture investors' perceptions of the company's value and prospects.

Meanwhile, measurement based on operating margin (12%) and growth (8%) is relatively less used, while the use of composite indexes/measures (4%) is the least common. These findings show that research on the topic of internal control and management control systems generally still relies on traditional profitability indicators as the main proxy for financial performance, while alternative approaches that emphasize market value or composite size are not yet dominant.

Future Research Suggestions

This section answers RQ3 regarding future research recommendations. Of the 50 articles reviewed, the majority recommended the addition of independent variables (72%), followed by moderation variables (48%) and mediation variables such as operational efficiency (38%). In addition, some studies suggest expanding the sector (46%), observation period (40%), using more robust analysis methods (32%), adding control variables (36%), increasing the size sample (28%), as well as cross-border approaches (16%). These findings show that the development of a more comprehensive and methodological model is still the main focus of research related to internal control, management control systems, and financial performance.

Table 8. Future Research Suggestions

No	Research Suggestions	Author Examples	Number of Articles	Percentage
1	Adding independent variables (IC dimension, MCS, <i>Governance, risk</i>)	Li et al. (2020); Bedford (2020); Grossi et al. (2022); Nguyen & Nguyen (2023); Tran and al. (2023)	36	72%
	Adding moderation variable (<i>RiskAlmaqtari et al. management, firm complexity, industry</i> (2021); Nguyen			

2	<i>type)</i>	et al. (2022); Cheng et al. (2020)	24	48%
3	Adding mediation/intervening variable (<i>operational efficiency, Non-Financial Performance</i>)	Bedford (2020); Feng et al. (2021); Enlarged and al. (2022)	19	38%
4	Using more robust analysis methods (GMM, dynamic panel, <i>robustness test</i>)	Li et al. (2020); Nguyen & Nguyen (2023); Tran et al. (2023)	16	32%
5	Expanding or narrowing the research period	Almaqtari et al. (2021); Nguyen et al. (2022)	20	40%
6	Expand Research Sector/Industry	Enlarged and al. (2022); Cheng and al. (2020)	23	46%
7	Using a cross-border approach	Li et al. (2020); Nguyen & Nguyen (2023)	8	16%
8	Enlarge sample size	Tran and al. (2023); Almaqtari et al. (2021)	14	28%
9	Adding additional control variables (<i>leverage, growth, macro factors</i>)	Bedford (2020); Nguyen et al. (2022)	18	36%
Total Articles			50	100%

Source: Data analyzed, 2026

Conceptual Relationship and Mediation Mechanism on Financial Performance

The Effect of Internal Control on Financial Performance

Based on the synthesis results, the effect of internal controls on financial performance generally showed a positive and significant relationship, although some studies found inconsistent results depending on the measurement proxy and the industry context. Effective internal control is able to increase transparency, information accuracy, and risk control, thereby increasing the company's profitability and financial stability. In the perspective of agency theory, internal control functions as a monitoring mechanism that reduces information asymmetry and opportunistic behavior of managers. Meanwhile, in the framework of a resource-based view, a strong internal control system is seen as an organizational capability that creates a competitive advantage and improves the company's performance.

The Influence of Management Control System on Financial Performance

Based on the results of the synthesis, the management control system (MCS) also shows a positive influence on financial performance, especially when the company implements an integrated performance measurement system, budget control, and strategic control. MCS assists management in aligning organizational goals with operational activities, thereby improving the efficiency and effectiveness of resource use. From a contingency theory perspective, the effectiveness of MCS is highly dependent on the suitability of the system with the characteristics of the environment and the company's strategy. Thus, MCS that is designed adaptively tends to have a more significant impact on financial performance.

The Effect of Internal Control on Financial Performance with Operational Efficiency as a Mediation Variable

Based on the results of the synthesis, operational efficiency is proven to play a role as a mediation mechanism in the relationship between internal control and financial performance.

Effective internal controls reduce waste, minimize operational errors, and improve asset and cost management, ultimately increasing the company's profitability. From the perspective of agency theory, internal control strengthens managerial discipline so that operational processes become more efficient. Meanwhile, the process efficiency perspective approach explains that increasing efficiency is an indirect path that connects the control system with the improvement of the company's financial results.

The Effect of Management Control System on Financial Performance with Operational Efficiency as a Mediation Variable

Based on the results of the synthesis, operational efficiency also mediates the relationship between the management control system and financial performance. Effective management control systems, such as performance measurement systems and budgetary control, encourage business process optimization and reduction of operational costs. The increase in efficiency then has an impact on increasing the company's ROA, ROE, and market value indicators. Within the framework of contingency theory, MCS that is aligned with the company's strategy is able to increase efficiency as the main intermediary towards better performance. These findings suggest that the influence of MCS on financial performance is not always direct, but often through more efficient operational mechanisms.

Integration of Internal Control and Management Control System in Improving Financial Performance

Based on the overall synthesis results, the combination of internal control and management control system reflects the integration of complementary strategic supervision and control mechanisms. Internal control plays a role in maintaining process compliance and reliability, while MCS focuses on achieving strategic goals and improving performance. When both run simultaneously, operational efficiency increases and has a positive impact on financial performance. From the perspective of agency theory and contingency theory, this integration is able to reduce conflicts of interest while increasing the suitability of the system with the business environment, thereby strengthening the company's performance achievement in a sustainable manner.

CONCLUSION

The findings of the Systematic Literature Review (SLR) indicated that research on the influence of internal control and Management Control Systems (MCS) on financial performance, with operational efficiency as a mediating variable, has increased significantly in recent years. Most studies focused on the direct relationship between control systems and financial performance, primarily drawing upon Agency Theory and Contingency Theory as their theoretical foundations. The banking and manufacturing sectors emerged as the dominant research contexts, while financial performance was most commonly measured using Return on Assets (ROA) and Return on Equity (ROE). Internal control and MCS were identified as the most frequently examined determinants of financial performance, whereas operational efficiency has only recently gained attention as a mediating variable. However, the existing literature remains limited by the dominance of quantitative approaches and the concentration of studies within specific national contexts, thereby restricting the generalizability of findings. Future research is therefore recommended to incorporate cross-country comparative analyses, include additional contextual variables such as organizational culture and digital transformation, and employ more robust analytical approaches, including longitudinal and mixed-method designs, to provide a more comprehensive understanding of how control systems enhance financial performance through operational efficiency.

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