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INFLUENCE REWARD AND CONTROL SYSTEMS ON CORPORATE PERFORMANCE: AN ORGANIZATIONAL CULTURE PERSPECTIVE

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ABSTRACT

This study aims to examine influence of reward systems, process and structure management control systems on organizational performance, and to analyze the moderating role of organizational culture. Sample is 205 respondents representing restaurant businesses in the JABODETABEK are were selected by purposive sampling. Data were collected through structured questionnaires and analyzed using Structural Equation Modeling with Partial Least Squares (SEM-PLS). The results showed that the reward system (β = 0.399; t = 4.996; p = 0.000) and process management control systems (β = 0.095; t = 4.888; p = 0.000) a positive and significant influence on organizational performance. In contrast, the structural management control system did not influence (β = 0.044; t = 0.677; p = 0.499). Furthermore, organizational culture failed to moderate the influence of reward systems, PMCS, and SMCS on performance, with p-values of 0.898, 0.874, and 0.909, respectively. The Adjusted R^2 value of 0.564 indicates that 56.4% of the variation in organizational performance is explained by the changes in the independent variables included in the model. The results highlight the importance of aligning reward systems and control processes with the organizational context. Practically, the findings guide restaurant managers to implement transparent reward systems and adaptive control processes to improve performance. This study is limited by its focus restaurants in a specific region and its reliance on self-reported survey data, which may introduce response bias. Future research should consider expanding the sample across industries and regions, integrating qualitative methods, and examining other contextual variables that may strengthen the moderating role of organizational culture.

Keyword: **Business Strategy; Company Performance; Management Control System; Organisational Culture; Reward System**

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ABSTRAK

Penelitian ini bertujuan untuk menguji pengaruh sistem penghargaan, proses dan struktur sistem pengendalian manajemen terhadap kinerja organisasi, dan menganalisis peran moderasi budaya organisasi. Sampel penelitian 205 responden yang mewakili usaha restoran di wilayah JABODETABEK yang dipilih secara purposive sampling. Data dikumpulkan melalui kuesioner terstruktur dan dianalisis menggunakan Structural Equation Modeling with Partial Least Squares (SEM-PLS). Hasil penelitian menunjukkan bahwa sistem penghargaan (β = 0,399; t = 4,996; p = 0,000) dan proses sistem pengendalian manajemen (β = 0,095; t = 4,888; p = 0,000) berpengaruh positif dan signifikan terhadap kinerja organisasi. Sebaliknya, struktur sistem pengendalian manajemen tidak berpengaruh (β = 0,044; t = 0,677; p = 0,499). Lebih jauh lagi, budaya organisasi gagal memoderasi pengaruh sistem penghargaan, PMCS, dan SMCS pada kinerja, dengan nilai-p masing-masing sebesar 0,898, 0,874, dan 0,909. Nilai Adjusted R^2 sebesar 0,564 menunjukkan bahwa 56,4% dari variasi dalam kinerja organisasi dijelaskan oleh perubahan variabel independen yang termasuk dalam model. Hasilnya menyoroti pentingnya menyelaraskan sistem penghargaan dan proses kontrol dengan konteks organisasi. Secara praktis, temuan tersebut memandu manajer restoran untuk menerapkan sistem penghargaan yang transparan dan proses kontrol adaptif untuk meningkatkan kinerja. Studi ini dibatasi oleh fokusnya pada restoran di wilayah tertentu dan ketergantungannya pada data survei yang dilaporkan sendiri, yang dapat menimbulkan bias respons. Penelitian di masa mendatang harus mempertimbangkan perluasan sampel di seluruh industri dan wilayah, mengintegrasikan metode kualitatif, dan memeriksa variabel kontekstual lain yang dapat memperkuat peran moderasi budaya organisasi.

Kata Kunci: **Budaya Organisasi; Kinerja Perusahaan; Strategi Bisnis; Sistem Pengendalian Manajemen; Sistem Penghargaan**

Introduction

Corporate performance is a fundamental element in evaluating an organization's success in achieving its strategic objectives. Performance is not solely reflected in financial achievements such as profitability, returns, or revenue growth, but also encompasses non-financial dimensions such as operational

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efficiency, innovation, customer satisfaction, and social sustainability (Jukka, 2021). Improvements in corporate performance have a significant impact not only on the internal sustainability of the organization but also on its external environment and stakeholders. High-performing companies tend to be more adaptive to environmental changes and more proactive in product or service innovation. (Nandya et al., 2024; Matulatuwa et al., 2023). Therefore, it is essential for companies to identify the factors that can influence corporate performance (Korma et al., 2022).

In the restaurant industry, corporate performance is highly influenced by the quality of human resources who interact directly with customers. The operational success of a restaurant depends not only on product quality but also on internal managerial systems that motivate employees to consistently deliver excellent service, thereby enhancing customer satisfaction. In this context, the reward system (Lawler, 2003) and control system (Junqueira et al., 2016) serve as essential instruments used by management to align employee behavior with the organization's objectives. The reward system is designed to motivate employees through financial and non-financial incentives that are aligned with performance achievements (Ismail et al., 2016).

According to Walters (2019) there is a positive correlation between employee productivity and the compensation system, indicating that businesses can utilize payroll systems as a motivational tool. Meanwhile, management control systems function to ensure that all operational activities are carried out in accordance with established standards and procedures (Bullinger, 2012; Adiputra et al., 2020). An effective combination of reward and control systems is believed to enhance efficiency, productivity, and customer satisfaction, ultimately contributing to improved corporate performance (Widener, 2007).

However, in practice, the effectiveness of these systems is not always consistent across organizations, particularly in the restaurant sector, which heavily relies on teamwork, flexibility, and a high degree of service adaptability. Einhorn et al (2024) state that the effectiveness of control systems depends on the characteristics of the organization; control systems that are aligned with their organizational environment support the achievement of strategic objectives. Therefore, organizational culture is considered to play an important role in supporting the relationship between management systems and company performance. Organizational culture refers to a set of values, norms, and work practices that are embedded within an organization and influence how employees respond to managerial policies and controls (Bradford, 2021). Thus, organizational culture is hypothesized to function as a moderating variable that can either amplify or attenuate the impact of reward and control systems on corporate performance.

Several studies have confirmed the influence of reward systems on employee motivation and performance, which in turn contributes to corporate performance. (Akafo & Boateng, 2015; Walters, 2019), and influence management control system on organisational performace (Junqueira et al., 2016; Ong et al., 2019). However, most of these studies have been conducted within the context of the manufacturing industry or large-scale corporations. In contrast,

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research examining the combined influence of reward and control systems on corporate performance particularly in the restaurant industry, which is characterized by labor intensity and direct customer service remains limited. Moreover, few studies have explicitly investigated the moderating role of organizational culture in this relationship.

Studies by Einhorn et al (2024) dan Ong et al (2019) recommendations to the importance of considering organizational context and contingency factors, including culture, in the design of effective management systems. Nevertheless, there is still a lack of empirical research that examines this moderating model within the restaurant sector, particularly in developing countries such as Indonesia, where workplace culture can vary significantly across organizations. Therefore, this study aims to explore the influence of reward and control systems on the performance of restaurant businesses, while considering the role of organizational culture as a moderating variable. This research is expected to fill a gap in the literature and contribute theoretically to the development of contextually relevant strategic management systems. Practically, the findings may serve as a guide for restaurant managers in designing internal policies that are not only systematically efficient but also aligned with the organization's cultural values when necessary.

Research Questions

The research questions are as follows:

a. Does the reward system influence on organizational performance?
b. Doses Process management control system influence on organizational performance?
c. Does Structure management control system influence on organizational performance?
d. Does organizational culture moderate influence the reward system and organizational performance?
e. Does organizational culture moderate influence process management control systems and organizational performance?
f. Does organizational culture moderate influence structure management control system and organizational performance?

Literature review

The Contingency Theory

Presented a contingency approach that means using the design and planning of MCS depending on environmental and organizational conditions, and gave an insight that in achieving the company's goals, the performance of the company affects the survival of the business, the trust of shareholders, and stakeholders (Levana & Yvone, 2021). The company can consider environmental factors and internal conditions to identify risks early and adjust policies to minimize negative impacts that could threaten business continuity. Thus, contingency theory helps companies be more responsive and effective in implementing their business strategies according to the situation and conditions.

Contingency theory as articulated by Chenhall, (2006), asserts that there is no universally applicable management control system that fits all organizations

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under all circumstances. The effectiveness of a management control system (MCS) is highly dependent on how well it aligns with the specific contextual factors of an organization. These contextual elements may include organizational size, structure, strategy, technology, environmental uncertainty, and organizational culture. Jukka (2021) found that a strong fit between business strategy and MCS design enhances organizational performance, while misfit leads to control inefficiencies and strategic misalignment.

Thus, contingency theory provides a valuable framework for understanding why organizations must align their reward structures and control systems with internal and external contingencies to enhance their effectiveness and strategic impact.

Management Control System (MCS)

Management Control Systems (MCS) are critical mechanisms by which organizations influence the behavior of their members to ensure alignment with strategic objectives and operational goals. Conceptually, MCS are defined as formal and informal tools and processes that managers use to gather and utilize information for planning, decision-making, performance evaluation, and behavior regulation within an organization (Anthony & Govindrajan, 2011; Levana and Yvone, 2021; Sophia & Baird, 2017).

The theoretical foundation of MCS stems from several disciplines including accounting, organizational behavior, and strategic management. At its core, the concept of management control relates to how managers ensure that resources are obtained and used effectively and efficiently in the pursuit of organizational goals (Otley, 1980). MCS are thus not merely about monitoring and evaluation, but also about guiding strategic implementation, shaping organizational culture, and motivating employee performance.

Moreover, Malmi & Brown (2008) argue that MCS should be viewed as a package rather than isolated tools. This systems approach suggests that organizations use a combination of administrative controls (e.g., organizational structure and governance), cybernetic controls (e.g., budgets and performance measures), and cultural controls (e.g., values and norms) to manage behavior and drive performance. The effectiveness of MCS, therefore, lies in its integration and alignment with broader organizational systems and strategi.

Importantly, the effectiveness of MCS is contingent upon organizational context, including industry characteristics, size, culture, and external environment (Chenhall, 2006). Organizations with a strong cultural alignment and participative work environments may benefit from more flexible and interactive control systems, while those operating in stable, rule-based environments may rely more heavily on diagnostic systems and formal procedures.

Organizational Performance

Organizational performance is a multifaceted construct that reflects the extent to which an organization achieves its objectives efficiently and effectively. It encompasses both financial and non-financial outcomes, including profitability, productivity, customer satisfaction, innovation, operational excellence, and long-term sustainability (Richard et al., 2009). Organization performance is not merely the result of output measures but also the organization's capability to align

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resources, processes, and human capital to deliver value across stakeholder groups (Candy, 1997; Milkovich et al., 2011; Ngwa et al., 2019). According to Pratheepkanth (2019) performance is a strategic outcome that enables organizations to gain competitive advantage by optimizing employee contribution and aligning behavior with organizational goals. Performance serves as a key indicator of organizational health and is closely linked to managerial quality, leadership, system design, and employee motivation.

The contingency theory provides a theoretical basis for understanding organizational performance as dependent on the alignment between internal systems (such as reward systems and control systems) and the specific environmental or organizational context (Chenhall, 2006). Empirical research supports that effective performance depends on the integration of both structural and behavioral mechanisms. Reward systems to increase motivation and engagement by aligning incentives with individual and organizational objectives (Akafo & Boateng, 2015). Meanwhile, management control systems (MCS) ensure that organizational activities are consistent with strategic plans, creating accountability and facilitating timely adjustments to maintain or improve performance (Simons, 1990; Jamil & Mohamed, 2013; Adiputra et al., 2020; Jukka, 2021)

Reward System

The reward system is widely acknowledged as a strategic tool for enhancing employee motivation and aligning individual efforts with organizational objectives. According to expectancy theory Vroom (1964) individuals are motivated to perform when they perceive that their efforts will lead to desired outcomes. In this context, an effective reward system serves as a mechanism through which organizations reinforce desired behaviors and improve performance outcomes (Pratheepkanth, 2019).

Organizational performance, particularly in service-intensive industries, is not solely dependent on tangible resources but is significantly shaped by the effectiveness of human resource management (HRM). As Habtoor (2016) argues, performance at the organizational level is greatly influenced by the organization's ability to manage its people, cultivate motivation, and foster a culture of excellence. Human capital, therefore, becomes a central determinant of competitive advantage when managed through appropriate incentive structures.

Empirical evidence demonstrates that reward systems positively affect both short-term motivation and long-term organizational performance. Flynn et al., (1995), Rahman & Bullock (2005), Abdullah et al (2008), Gadenne & Sharma (2009), and Habtoor (2016) suggest that strategic HR practices, including compensation systems, have a direct impact on service quality, employee retention, and customer satisfaction key indicators of organizational success. These findings are supported by Ngwa et al (2019) who conclude that a well-designed reward system enhances work-life balance and nurtures creativity, innovation, and job commitment among employees. Furthermore, Akafo & Boateng (2015) emphasize that a reward system must be evaluated not only in terms of its fairness and transparency but also in its ability to foster employee satisfaction and organizational loyalty. An effective reward structure combines

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both financial to strengthen employee engagement. Husna et al (2020) add that the way management treats its employees has a significant impact on motivation and performance outcomes. Positive management behavior including supportive leadership, open communication, and equitable recognitioncontributes to a culture of high performance and service excellence

Process Management Control System

The process of Management Control Systems (MCS) refers to a series of formalized managerial activities aimed at ensuring that an organization's strategic objectives are achieved through effective planning, monitoring, and evaluation mechanisms (Simons, 1990; Otley, 1980). MCS processes typically include strategic planning, budgeting, performance monitoring, and feedback systems that allow for timely corrective action and continuous improvement (Straus & Zecher, 2013). These processes are not merely administrative procedures but are integral to organizational learning and strategic alignment. From the perspective of Contingency Theory, the effectiveness of MCS processes is highly dependent on contextual fit meaning that the design and use of control processes must align with the organization's external environment, internal capabilities, and cultural norms (Chenhall, 2006).

Recent studies by Khasanah et al (2023) and Guspinda & Putri (2021) further affirm that the quality of control processes such as goal setting, performance review, and corrective action planning has a direct and positive impact on managerial effectiveness and organizational outcomes. These findings are consistent with the notion that MCS processes not only regulate current operations but also shape organizational behavior, cultivate a performance-oriented culture, and support strategic foresight.

System Control Management Structure

The MCS is composed of various organizational structures, including revenue, expense, profit, and investment centers (David, 2015; Ong et al., 2019). The management control process involves various parties to implement the system's goals. The structure includes organizational structure, leadership structure, management control, performance management, and information and communication systems (Guspinda & Putri, 2021). MCS framework determines the types of information available by system, so organizations must create MCS and continuously evaluate it quickly to create competitive advantages and benefits (Hatane et al., 2020). The study by Peljhan (2007) shows that MCS can influence the implementation and evaluation of strategies, which can provide feedback, learning, and information that can be used to formulate strategies in the future

Culture Organizatian

Organizational culture is defined as a system of shared values, beliefs, assumptions, and norms that shape how members of an organization behave, make decisions, and interact within and beyond the organizational context (Schein, 2010). It functions as an unwritten code that guides employee attitudes and behaviors, influencing the overall effectiveness of organizational strategies and managerial systems. Warrick (2017 emphasizes that a strong and positive organizational culture fosters enthusiasm, commitment, and goal alignment among employees, creating a conducive environment for sustainable growth and

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operational success. Tan (2002)) identifies key dimensions of organizational culture, including individual initiative, risk tolerance, managerial support, and integration, which contribute to enhanced organizational coherence and performance.

Malmi & Brown (2008) argue that organizational culture is part of the broader MCS package alongside administrative and cybernetic controls through which organizations regulate behavior and ensure strategic alignment. Cultural controls operate by embedding shared values and social norms that align employee behavior with organizational goals.

Tabita et al (2021) found that organizational culture positively and significantly influences work-life quality and employee performance. Similarly, Habtoor (2016) emphasized that employees are a key determinant of organizational performance. Therefore, organizational culture plays a crucial role in enhancing employee performance, which ultimately contributes to overall company performance.

Business Strategy

Strategy refers to a comprehensive plan of action that integrates decision-making processes to guide an organization toward achieving its objectives. Corporate strategy encompasses decisions related to business operations, acquisitions, divestments, financing, and organizational structure (Straus and Zecher, 2013). Business or competitive strategies focus on positioning organizational units effectively within their respective markets (Porter, 1997).

Jukka (2021argues that business strategy is essential for achieving competitive advantage and improving organizational performance. According to Nandya et al. (2024) competitive advantage is a core element of business strategy, as it enables firms to enhance their market position amid dynamic competition. Companies that offer superior, lower-cost, or faster products and services are more likely to attract and retain customers.

Empirical evidence by Sin et al (2024) shows that firms with a strong brand image characterized by strategic location, appealing ambiance, high-quality offerings, and excellent service achieve greater customer loyalty and competitiveness. In the context of the food and beverage industry, Effendi et al (2025) emphasize the importance of improving service quality, enhancing customer satisfaction, and sustaining competitive advantage, particularly in addressing challenges such as delivery delays, food quality issues, and limited menu variety.

Conceptual Framework and Hypothesis

A conceptual framework outlines key variables and their relationships, based on existing theories, to guide hypothesis development, research design, and data interpretation. The conceptual framework of this research is as follows:

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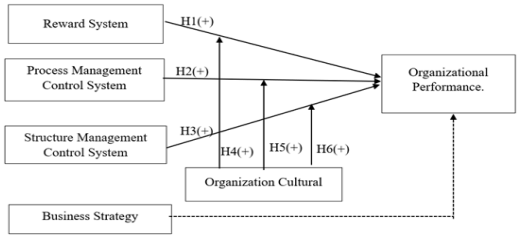

Figure 1. Conceptual Framework

Based on the theoretical framework, the following hypothesis:

H_1: Reward system has a positive influence on organizational performance

H_2: Process management control system has a positive influence on organizational performance.

H_3: Structure management control system has a positive influence on organizational performance.

H_4: Organization cultural moderates the positive influence between reward systems and organizational performance.

H_5: Organization cultural moderates the positive influence between process management control systems and organizational performance.

H_6: Organization cultural moderates the positive influence between structure management control system and organizational performance.

Methodology

Sampling and Data Collection

The research sample consisted of food and beverage companies located in Jakarta, Bogor, Depok, Tangerang, and Bekasi (JABODETABEK). The companies are represented by individuals serving as leaders, managers, or supervisors as many as 205 respondents from 41 companies. Primary data were collected via questionnaires distributed through google forms. Company representatives must meet the following criteria: hold at least a supervisory position, have held the position for a minimum of two years, and possess at least a high school education.

The questionnaire consists of two parts: Part 1 questions about demographics respondent, and Part 2 includes questions on investment decisions, financial behavior, attitude, literacy, and experience, using 6 points Likert scale from 1 (strongly disagree) to 6 (strongly agree).

Variables and Measurement

The measurement of research variables is as follows: company performance is measured using 6 indicators; reward systems with 7 indicators; process management control systems with 10 indicators; structural management control systems with 4 indicators; organizational culture with 12 indicators; and business strategy with 7 indicators. Explanation of variable indicators is presented in Appendix A.

Data Analysis

Analysis of data used SEM-PLS. This testing procedures involved validating the instruments through assessments of convergent and discriminant

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validity, along with evaluating construct reliability use Cronbach's Alpha and composite reliability (Joseph F. Hair, Jr, G. Tomas M. Hult, 2018); (Garson, 2018). Testing accuracy and suitability of the model based on the Standardized Root Mean Square Residual from the Goodness of Fit model test (Joseph F. Hair, Jr, G. Tomas M. Hult, 2018). Adjusted R-Square reflects proportion of independent variable explaining the change in dependent variable (Garson, 2018). Hypothesis testing assesses their influence and the moderating effect.

Table 1 Assessment of Measurement Models

Criterion	Guideline
Indicator Loadings	Outer loading > 0.60
Average Variance Extracted (AVE)	AVE ≥ 0.50
Composite Reliability (CR)	CR > 0.60
Fornell–Larcker Discriminant Validity	AVE should be higher than the highest squared correlation with any other construct
Goodness of Fit model	SRMR < 0,08

This study use the regression equation model as follows:

$$KP = \beta1SP + \beta2SPMS + \beta3PSMS + \beta4SP*BOR + \beta5PSMS*BOR + \beta6SPMS*BOR + \beta7SB + e \quad (1)$$

Note: KP: Organizationael performance, SP: Reward system, PSMS: Process of management control systems, SPMS: Structure of management control systems, BOR Organizational culture, SB: Business strategy

Result and Discussion

Respondents Demographic

The object of this research is restaurant businesses operating in the JABODETABEK area. Appendix B presents the classification of businesses based on location. Based on table show the highest of restaurants participating in the questionnaire survey was located in Bogor, accounting for 17.07%, while the lowest was in West Jakarta at 7.32%. The distribution in other areas was relatively similary. In the questionnaire distribution, each restaurant was represented by 20 to 30 respondents.

The demographic characteristics of respondents representing restaurants in this study include gender, age, education, position, and tenure.

Table 2 Demographic Respondent

Demographic Respondent	Category	Frequency (n)	Percentage (%)
Gender	Male	105	51,22%
	Female	100	48,78%
	Total	205	100%
Age	30 – 35 years	158	77,07%
	36 – 40 years	32	15,61%
	41- 45 years	8	3,9%
	>35 years	7	3,41%
	Total	205	100%
Education Qualification	High school or diploma	63	30,73%
	Bachelor's degree	121	59,0%
	Master's degree	19	9,27%
	Doctoral degree	2	0,98%
	Total	205	100%
Job Position	Supervisor	78	38,05 %
	Manager	70	34,15%
	Director/Executive	57	27,8%
	Total	205	100%
Tenure on the Position.	3 – 5 years	171	83,41%
	5 – 10 years	27	13,17%
	>10 years	7	3,41%
	Total	205	100%

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Table 2 presents the demographic characteristics of the respondents. Out of 205 participants, 51.22% were male and 48.78% were female. The majority of respondents (77.07%) were between 30 and 35 years old, followed by 15.61% aged 36–40 years, 3.9% aged 41–45 years, and 3.41% above 45 years. Regarding educational qualifications, most respondents held a bachelor's degree (59%), while 30.73% had a high school diploma, 9.27% held a master's degree, and only 0.98% had a doctoral degree. In terms of job position, 38.05% were supervisors, 34.15% were managers, and 27.8% held director or executive positions. As for tenure in their current position, the majority (83.41%) had served between 3–5 years, followed by 13.17% with 5–10 years of service, and 3.41% with more than 10 years.

4.1. Descriptive Statistics

Descriptive statistics include minimum, maximum, mean and standard deviation values.

Table 3. Descriptive statistics

Indikator	Mean	Median	Min	Max	Standard Deviation
KP	4.921	5	1	6	1.708
SP	5.088	5	1.143	6	1.509
PSMS	5.017	5	1.700	6	0.86
SPMS	5.011	5	1.250	6	0.851
BOR	5.176	5	1.333	6	0.835
SB	5.193	5	1.285	6	0.834

Table 3 presents the summary of descriptive statistics for each variable.

Company Performance has a mean of 4.921, median 5, and a relatively high standard deviation of 1.708, indicating varied perceptions among respondents. The Reward System shows a mean of 5.088 and standard deviation of 1.509, also reflecting diverse views on its implementation. Process and Structural Management Control Systems both have mean scores slightly above 5 (5.017 and 5.011 respectively) and low standard deviations (0.860 and 0.851), suggesting consistent responses and agreement among participants. Organizational Culture records the highest mean (5.176) and a low standard deviation (0.835), showing strong alignment in perceptions regarding shared values and norm. The Business Strategy variable shows an average score of 5.094, a median of 5, a minimum of 1.250, and a maximum of 6. The standard deviation of 0.873 indicates relatively low variability in responses, meaning that most respondents have the same perception regarding the strategic orientation applied in their organization.

Assessment of Measurement Models

The path diagram of research data processing is as follows:

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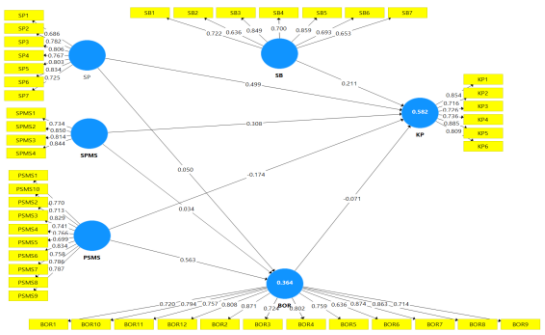

Figure 1. Diagram Path

Source: SmartPLS 3.0 (data processed, 2024)

In accordance with the analytical procedure suggested by Hair et al (2018) all constructs were evaluated to ensure both reliability and validity. Internal consistency was assessed using composite reliability and Cronbach's alpha coefficients. Convergent validity was established by examining the average variance extracted (AVE) values and the factor loadings of each indicator. The results of the validity and reliability tests are presented in Appendix C.

Appendix C shows measurement model demonstrates satisfactory reliability and convergent validity. All factor loading values exceed the recommended threshold of 0.60, indicating that each indicator strongly represents its respective latent construct. Additionally, the Cronbach's alpha values are above 0.70, confirming the internal consistency of the constructs. Composite reliability scores also surpass the 0.60 threshold, further supporting the reliability of the measurement model. Furthermore, the Average Variance Extracted (AVE) values are above 0.50 for all constructs, indicating that each construct explains more than half of the variance in its observed indicators, thereby confirming convergent validity."

The Fornell-Larcker Criterion assesses discriminant validity by confirming that each latent construct is empirically distinct from other constructs in the measurement model. The results are presented as follows:

Table 4. Discriminant Validity (Fornell-Larcker)

	BOR	KP	PSM	SB	SPM	SP
BOR	0.772					
KP	0.175	0.771				
PSMS	0.416	0.313	0.817			
SB	0.067	0.286	0.270	0.773		
SPMS	0.213	0.203	0.317	0.174	0.841	
SP	0.259	0.483	0.385	0.203	0.242	0.785

Note: BOR: Culture Organization, KP: Company Performance, PSM: Process Management Control System, SB: Business Strategy, SPM: Structure Management Control System, SP: Reward System

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As reflected in the Fornell-Larcker Criterion results on table 4, the square root of each construct's AVE exceeds its correlations with other constructs in the model. This provides empirical evidence of discriminant validity, indicating that each latent construct shares greater variance with its own indicators than with those of other constructs.

4.2. Model Fit

Goodness of Fit (GoF) test used to assess the extent to which the structural or measurement model aligns with the observed empirical data.The Standardized Root Mean Square Residual (SRMR) was used to assess the model's goodness of fit, with values below 0.08 considered indicative of a satisfactory fit between the theoretical model and the empirical data. The results GoF are as follows

Table 5. Goodness of Fit (GoF

	Saturated Model	Estimated Model
SRMR	0.069	0.070

Table 5 reports an SRMR value of 0.070, which falls below the recommended threshold of 0.08, indicating a satisfactory model fit. This suggests that the structural model aligns well with the observed empirical data. The difference between the observed and predicted correlations remains within acceptable limits, supporting the overall adequacy of the tested structural model.

Adjusted R Square

The Adjusted R-Squared value is used to evaluate the explanatory power of the model, particularly in determining the extent to which endogenous variables are influenced by exogenous predictors. It offers a more accurate estimate by adjusting for the number of predictors included in the model, thereby providing a more reliable indication of the model's overall explanatory strength. Results of the Adjusted R-Square test:

Table 6. Adjusted R Square

	R Square	Adjusted R Square
KP	0.582	0.564

Table 5 reports an Adjusted R Square value of 0.564, indicating moderate to strong explanatory power. This indicates that 56.4% of the variation in firm performance is explained by the tested managerial and organizational factors, while the remaining 43.6% is likely influenced by external or unmeasured variables. These results underscore the important role of well-implemented management control system processes and effective reward structures in improving operational performance. Therefore, firms in this sector are advised to focus on optimizing these key factors to support sustainable performance development.

Hypothesis Research

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The research includes three hypotheses examining the direct effects of independent variables on the dependent variable, and three additional hypotheses assessing the moderating variable's ability to strengthen or weaken these relationships. The results of hypothesis testing evaluating the relationship between independent, moderating and dependent variables in this study are summarized below:

Table 7. Output Hypothesis

	Hypotesis	Path Coeficient	t-Stat	P Values	Result
H1	SP => KP	0.399	4.996	0.000 ***	Accepted
H2	PSMS=> KP	0.095	4.888	0.000 ***	Accepted
H3	SPMS => KP	0.044	0.677	0.499	Rejected
H4	SP => BOR => KP	0.006	0.129	0.898	Rejected
H5	PSMS => BOR=>KP	0.025	0.158	0.874	Rejected
H6	SPMS=> BOR =>KP	0.003	0.115	0.909	Rejected
	BOR -> KP	0.042	0.399	0.690	
	SB -> KP	0.128	1.204	0.229	
	R Square			0.582	
	R-Adjusted Square			0.564	

Note: BOR: Culture Organization, KP: Organizational Performance, PSMS: Process Management Control System, SB: Business Strategy, SPMS: Structure Management Control System, SP: Reward System. *** sig level 1%, ** sig level 5%

Regresion model is:

KP= 0.399SP + 0.095PSMS + 0.044SPMS + 0.006SP*BOR + 0.0025PSMS*BOR + 0.003SPMS*BOR + 0.042SB ……(2)

Base on table 7, the reward system has a positive and significant influence (β: 0.399, t: 4.99, p: 0.000) on company performance, so H1 is accepted. The results of the hypothesis test indicate that the reward system has a significant positive influence on organizational performance in the restaurant industry. This finding is supported by the unique characteristics of the industry, which relies heavily on frontline employee performance, service speed, and customer satisfaction. In a labor-intensive and service-oriented sector, a well-designed reward system serves not only as a motivational tool but also as a mechanism to maintain high levels of performance. These findings confirm to expectancy theory (Vroom, 1964) employees tend to exert greater effort when they believe their performance will produce desired outcomes. Similarly, goal setting theory (Locke

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& Latham, 2002)emphasizes that clear and achievable targets, reinforced by tangible rewards, can significantly enhance motivation and performance. .

The findings suggest that the clarity and transparency of a company's reward system play a vital role in shaping employee motivation and engagement. When employees clearly understand the criteria and outcomes associated with their performance, they are more likely to feel secure and valued within the organization. This perceived fairness strengthens their intrinsic motivation, encouraging them to contribute more effectively to organizational goals, particularly in service-oriented industries where employee performance is directly linked to customer satisfaction and operational success.These findings align with prior studies (Akafo & Boateng, 2015; Ngwa et al, 2019) which show that a dynamic and well-managed reward system positively influences employee satisfaction and performance. Meeting employees' needs for recognition and appreciation boosts motivation and contributes to improved organizational outcomes. The results of this study also align with the findings of (Tendean et al., 2018) emphasized that a reward system positively impacts company performance by motivating employees through recognition and incentives. Similarly, Pratheepkanth (2019)found that such a system supports the retention of high-performing employees, as rewards promote loyalty and help reduce employee turnover, ultimately minimizing recruitment and training costs.

The PMCS has a positive significant (β: 0.095, t: 4.99, p: 0.000) influence on organizational performance, so H2 is accepted. The results indicate that the implementation of control system processes, including strategic planning, performance monitoring, reporting, and evaluation, is effective in supporting operational performance in the restaurant industry. When the control process is effectively implemented through clear operational standards, consistent performance measurement, transparent reporting, and timely corrective actions the company is better positioned to maintain high product or service quality, optimize resource utilization, and enhance customer satisfaction, all of which contribute to increased sales performance. The results indicate that a clear and transparent management control system process not only guides operational activities but also enhances organizational coordination. When employees fully understand the control procedures in place, it reduces the likelihood of errors and improves operational efficiency. This alignment ultimately supports the achievement of organizational goals and boosts overall performance.

This finding supports contingency theory (Chenhall, 2006), which emphasizes that the effectiveness of a process-based management control system depends on its alignment with the organizational context. In service-based industries such as restaurants, where speed and adaptability are essential, an effective PMCS facilitates prompt responses to customer complaints, menu adjustments, and inventory fluctuations. Therefore, the significant impact of PMCS on organizational performance underscores the importance of designing control systems that are tailored to the dynamic nature of service operations.

This finding supports previous research by Peljhan (2007) and Franco-Santos et al., (2012) which emphasized that management control system processes that promote employee autonomy and innovation have a positive impact on

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organizational performance. A well-implemented process-based management control system (PMCS) enhances performance by enabling effective resource allocation, continuous monitoring, and systematic evaluation. It also facilitates goal setting, problem identification, and informed decision-making, allowing managers to improve efficiency and reduce costs. Ultimately, PMCS plays a crucial role in driving overall organizational performance (Tendean et al., 2018).

The empirical finding indicating that the structure of the management control system (MCS) does not significantly influence organizational performance performance (β: 0.044, t: 0.677, p: 0.499), so H3 rejected. This indicates that the existence of a formal structure in organizational control does not necessarily have a direct effect on the expected performance results. While structural elements of MCS such as formal rules, hierarchical procedures, reporting relationships, and standardized controls are traditionally regarded as critical in aligning organizational activities (Straus & Zecher, 2013), their effectiveness is highly contingent upon the nature of the organization and the environment in which it operates (Chenhall, 2006). Based on Contingency Theory, the MCS structure may not align with the dynamic nature of the restaurant industry.Restaurants require flexibility and fast decisions, not rigid control.Formal structures can slow responses and limit autonomy.This mismatch reduces their impact on performance (Simons, 1990).

The lack of significant influence of MCS structure on performance may be attributed to the contextual characteristics of the restaurant industry. As a service-oriented and labor-intensive sector, restaurants demand agility, flexibility, and rapid decision-making. In such settings, rigid and highly formalized control structures may hinder frontline responsiveness, slow operational flow, and limit autonomyfactors essential for delivering effective customer service (Simons, 1990). This suggests that structural controls may be less relevant in environments that prioritize adaptability over standardization.

In many cases, the structure of the management control system functions merely as a formal symbol rather than being effectively implemented. Within the restaurant industry particularly among family-owned or individually managed businesses—management is often concentrated within a small group, typically with limited formal delegation. This centralized structure contributes to the ineffectiveness of the control system's structural elements. Task division, authority distribution, and hierarchical arrangements often exist only non-formal and do not operate as intended. As a result, the structural component of the management control system has little to no impact on overall company performance. The structure of the management control system is more likely to play a significant role in enhancing company performance in large-scale and professionally managed organizations. This finding does not support the results of previous studies by Hatane et al (2020) and Peljhan (2007), which suggest that the structure of the management control system can enhance competitive advantage and improve company performance.

The study showed organizational culture was unable to moderate the influence of the reward system (β: 0.006, t: 0.129, p: 0.898), process management control system (β: 0.025, t: 0.158, p: 0.874), structure management contrlol

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system (β: 0.003, t: 0.115, p: 0.909), on organizational performance, so H4, H5, and H6 rejected. The findings of this study indicate that the integration of organizational culture with reward systems, as well as the processes and structures of management control systems, is not sufficiently robust to exert a significant influence on company performance.

From the perspective of contingency theory (Chenhall, 2006), the inability of organizational culture to act as a moderating variable suggests a potential misalignment between the organizational context and the cultural dimensions being applied. Contingency theory posits that there is no universally optimal way to manage an organization; rather, organizational effectiveness depends on the degree of alignment or "fit" between internal elements (such as organizational culture) and contextual contingencies, including industry characteristics, organizational size, external environment, and technology.

The insignificant moderating role of organizational culture observed in this study may indicate that the existing cultural values have not been sufficiently aligned or internalized to support the design and execution of reward systems and management control mechanisms. This misalignment may hinder culture's ability to function as an active enabler of strategic and operational effectiveness. Moreover, the weak integration between culture and managerial practices suggests that organizational culture may be functioning more as a passive backdrop than as a dynamic moderating force capable of shaping or reinforcing performance-oriented behaviors. Consequently, in the absence of a strong cultural fit, the influence of formal control mechanisms such as reward systems and structural or procedural controls on organizational performance may be significantly diminished.

The findings of this study may also be attributed to the inherent characteristics of the research object, namely small-sized restaurant enterprises. These businesses typically operate within informal and highly flexible organizational structures, characterized by minimal hierarchical differentiation and streamlined decision-making processes. In such contexts, organizational culture is often not formally articulated or systematically institutionalized across the organization. Instead, it tends to be embedded in the personal leadership style of the owner, rather than reflected in deeply internalized and collectively shared organizational values. Consequently, the influence of culture often lacks the consistency and depth required to interact effectively with formal systems such as reward mechanisms and management control structures.

Furthermore, resource limitations frequently encountered in small restaurant operations such as constraints related to staffing, managerial expertise, and procedural formalization may further diminish the impact of cultural integration. These enterprises typically prioritize short-term operational efficiency and survival over long-term strategic alignment, thereby limiting the opportunity for organizational culture to develop as a strong moderating factor within the performance system framework. In addition, the high degree of operational immediacy within the restaurant industry, where real-time customer service, rapid inventory turnover, and on-site managerial decision-making are essential, may lessen the perceived necessity of embedding organizational culture into formal

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reward and control systems. This observation is consistent with the principles of contingency theory, which emphasize the critical importance of achieving a contextual fit between internal organizational elements (such as culture and control systems) and external contingencies (such as industry characteristics and organizational scale) (Chenhall, 2006). Within this framework, the contingent environment of small restaurant firms may not be conducive to the emergence of organizational culture as a strategic moderating force. Therfore, the absence of a significant moderating effect reflects the underdeveloped, informally structured, and misaligned nature of organizational culture in small-sized restaurants, thereby limiting its capacity to exert a meaningful influence on the relationship between managerial systems and organizational performance.

This study contradicts Ong et al (2019) assert that organizational culture promoting collaboration, open communication, innovation, and employee development is essential for the effective functioning of management control systems (MCS). Without such a culture, even a well-designed MCS may fail to enhance performance (Franco et al., 2012). However, these findings align with (Bradford, 2021), argues that misalignment between systems and organizational culture can lead to inefficiencies, as systems may be poorly implemented, misunderstood, or inconsistently applied, thereby weakening strategic execution.

Conclusion

This study demonstrates that both reward systems and process-based management control systems (PMCS) significantly enhance organizational performance within restaurant enterprises. The reward system serves as a motivational instrument that aligns individual performance with organizational goals, while PMCS enables operational consistency, efficiency, and strategic alignment. However, the structural component of the management control system does not exert a significant influence on performance, indicating that formal structures not suit the dynamic and flexible nature of small restaurant operations.

Furthermore, organizational culture failed to moderate the relationship between reward systems, management control systems, and company performance. This suggests a lack of alignment or internalization of cultural values within the organizational framework, thus limiting its role as a strategic enabler. These findings reinforce Contingency Theory, which asserts that the effectiveness of management systems is highly dependent on contextual fit.

Limitation

This study has several limitations. First, the sample is limited to small-scale restaurant businesses operating in the JABODETABEK region, which may limit the generalizability of the findings to other sectors or larger enterprises. Second, data collection was conducted via self-reported online questionnaires without follow-up verification, which may introduce potential response bias. Lastly, the measurement of organizational culture as a moderator may have been constrained by the informal nature of culture in small businesses, which is difficult to capture through structured survey instruments.

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Implication

Theoretically, this study contributes to the management accounting literature by extending the application of Contingency Theory to the small business context, particularly in the labor-intensive restaurant sector. It also offers empirical insights into how specific components of management control systems interact with reward structures and organizational culture to influence performance outcomes.

Practically, the findings provide valuable guidance for managers and business owners in small-scale restaurant enterprises. They highlight the importance of designing transparent and fair reward systems and implementing robust, context-sensitive control processes. Furthermore, the study underscores the need to develop and institutionalize a shared organizational culture that supports managerial systems, particularly when seeking to enhance organizational performance in dynamic service environments.

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Appendix A: Measurement Variable

Variable	Indicators	Reference
Organizational performance	1. Profit Margin 2. Return on Assets 3. Sales Growth 4. Market Share 5. Customer Retention 6. Customer Satisfaction	(Richard et al., 2009)
Reward systems	1. Basic salary 2. Performance bonuses 3. Allowances 4. Recognition 5. Praise for achievemen 6. Training and development opportunities 7. Career advancement	(Akafo & Boateng, 2015)
Process management control system	1. The organization has formal documentation of work procedures 2. Operations are carried out based on Standard Operating Procedures (SOPs) 3. Work processes are guided by clearly defined and documented workflows. 4. The control system supports coordination between departments or units. 5. Each stage of work follows a specific sequence and rules. 6. Cross-functional processes are managed through systematic procedures. 7. Work processes are regularly monitored to ensure compliance with established standards. 8. There are mechanisms for process audits or periodic evaluations. 9. nformation systems (e.g., ERP) are utilized to support process management. 10. Tools and applications are used to control and manage internal workflows.	(Malmi & Brown, 2008)
Structure management control system	1. Clear definition of employee roles, authority, and accountability 2. Presence of structured lines of authority and reporting. 3. Structures that facilitate collaboration across departments 4. Use of internal control mechanisms tied to the organization's structure.	(Ong et al., 2019).
Organizational culture	1. The extent to which employees internalize and commit to the organization's core values. 2. Presence of a common belief system that guides behavior. 3. Unwritten rules that govern acceptable behavior within the organization. 4. Consistency in employee conduct aligned with organizational standards. 5. Leadership reflects and reinforces the organizational culture. 6. Leaders model values and behaviors expected of others. 7. Open and transparent communication within the organization. 8. Two-way feedback and information sharing across levels. 9. Participation in decision-making and change initiatives. 10. A sense of ownership and belonging among employees. 11. Willingness to change, take risks, and try new approaches. 12. Support for continuous learning and improvement.	(Tan, 2002)
Business strategy	1. Ratio of R&D expenses to sales. 2. Annual sales increase rate. 3. Indicates innovation focus (Prospector). 4. Measures labor efficiency (lower in Defenders).	(Jukka, 2021)

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5. Shows cost control and profitability.
6. Ratio of sales to operating costs.
7. Reflects market expansion efforts.

Appendix B Table Business Location

Business Location		
Location	Frequency (n)	Percentage (%)
Jakarta Pusat	15	7,32%
Jakarta Timur	32	15,61%
Jakarta Barat	32	15,61%
Jakarta Utara	28	13,66%
Bogor	35	17,07%
Depok	31	15,12%
Bekasi	32	15,61%
Total	205	100%

Table C. The Validity and Reliability Tests.

Variable	Notation	Items	Loadings Factors	Composite Reliability	AVE.	Cronbach's Alpha
Organizational Performance	KP1	1. Profit Margin	0.854	0.936	0.694	0.924
	KP2	2. Return on Assets	0.716			
	KP3	3. Sales Growth	0.726			
	KP4	4. Market Share	0.736			
	KP5	5. Customer Retention	0.885			
	KP6	6. Customer Satisfaction	0.809			
Reward Systems	SP1	1. Basic salary	0.686	0.95	0.617	0.942
	SP2	2. Performance bonuses	0.782			
	SP3	3. Allowances	0.806			
	SP4	4. Recognition	0.767			
	SP5	5. Praise for achievemen	0.803			
	SP6	6. Training and development opportunities	0.834			
	SP7	7. Career advancement	0.725			
Process Management Control System	PSMS1	1. The organization has formal documentation of work procedures	0.770	0.948	0.668	0.938
	PSMS2	2. Operations are carried out based on Standard Operating Procedures (SOPs)	0.829			
	PSMS3	3. Work processes are guided by	0.741			

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		clearly defined and documented workflows.				
	PSMS4	4. The control system supports coordination between departments or units.	0.766			
	PSMS5	5. Each stage of work follows a specific sequence and rules.	0.699			
	PSMS6	6. Cross-functional processes are managed through systematic procedures.	0.834			
	PSMS7	7. Work processes are regularly monitored to ensure compliance with established standards.	0.758			
	PSMS8	8. There are mechanisms for process audits or periodic evaluations.	0.786			
	PSMS9	9. Information systems (e.g., ERP) are utilized to support process management.	0.787			
	PSMS10	10. Tools and applications are used to control and manage internal workflows.	0.713			
	SMCS1	1. Clear definition of employee roles, authority, and accountability	0.734			
	SMCS2	2. Presence of structured lines of authority and reporting.	0.850			
Structure Management Control System	SMCS3	3. Structures that facilitate collaboration across departments	0.814	0.977	0.708	0.975
	SMCS4	4. Use of internal control mechanisms tied to the organization's structure.	0.844			

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	BOR1	1. The extent to which employees internalize and commit to the organization's core values.	0.720			
	BOR2	2. Presence of a common belief system that guides behavior.	0.871			
	BOR3	3. Unwritten rules that govern acceptable behavior within the organization.	0.724			
	BOR4	4. Consistency in employee conduct aligned with organizational standards.	0.802			
	BOR5	5. Leadership reflects and reinforces the organizational culture.	0.759			
Organizational Culture	BOR6	6. Leaders model values and behaviors expected of others.	0.636	0.965	0.695	0.962
	BOR7	7. Open and transparent communication within the organization.	0.874			
	BOR8	8. Two-way feedback and information sharing across levels.	0.863			
	BOR9	9. Participation in decision-making and change initiatives.	0.714			
	BOR10	10. A sense of ownership and belonging among employees.	0.794			
	BOR11	11.Willingness to change, take risks, and try new approaches.	0.757			
	BOR12	12.Support for continuous learning and improvement.	0.808			
Business Strategy	SB1	1. Ratio of R&D expenses to sales.	0.722	0.947	0.698	0.939
	SB2	2. Annual sales increase rate.	0.636			

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SB3	3. Indicates innovation focus (Prospector).	0.849
SB4	4. Measures labor efficiency (lower in Defenders).	0.700
SB5	5. Shows cost control and profitability.	0.859
SB6	6. Ratio of sales to operating costs.	0.693
SB7	7. Reflects market expansion efforts.	0.653

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