

EVALUATION OF INTERNAL CONTROL OF RAW MATERIAL INVENTORY ON FAST FOOD RESTAURANT IN MADURA

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Abstract

Fast food businesses need to implement a series of inventory control policies that monitor and determine the level of raw material inventory needed to ensure proper management and avoid disruption to the company's operations. The objectives of this research include: 1. to determine the results of implementing an internal control system for raw material inventory; 2. to determine whether the internal control system is running well or not. The research object was carried out at one of the fast food restaurant in Madura, namely M2M Pamekasan Branch. The type of research is qualitative with a descriptive approach. Data sources are primary and secondary data. Data collection techniques through structured interviews. Data analysis techniques include: data collection, data analysis, data evaluation to drawing conclusions. The results of the study show: 1. The internal control system for raw material inventory implemented by the company includes: a. control environment that includes the attitudes of management and employees towards the importance of control in the company; b. risk assessments carried out by company management must be able to identify various risks faced by the company; c. control procedures which are various processes of efforts carried out by company management to enforce supervision/control of company operations; 2. With the implementation of the internal control system for raw material inventory, it greatly helps the company in ordering raw materials, checking until receiving goods from the head office, everything runs well and smoothly.

Keyword: Internal Control; Inventory; Fast Food

INTRODUCTION

In an increasingly competitive business climate, companies are required to continuously innovate, particularly in the food sector, which has recently experienced a surge of new market entrants. This situation forces companies to work harder to maintain their business continuity (Yunus, 2017). One crucial aspect of this success is internal control over raw material inventory, as inventory plays a direct role in supporting the production process and is a primary source of company revenue. The smooth running of production activities is influenced by various factors, such as capital, technology, raw material inventory, work-in-process, finished goods, and labor. In this context, inventory plays a strategic role, particularly in operational activities, marketing, and profit achievement. Inventory is also part of a company's assets, encompassing raw materials, auxiliary materials, work-in-process, and finished goods. The amount of funds invested in raw material inventory directly impacts the level of profit a company can achieve (Ediningsih, 2004).

Insufficient raw material inventory can disrupt the production process, preventing the company from meeting customer demand according to market needs. Conversely, adequate availability of raw material facilitates smooth production and ensure the timely delivery of finished goods, thus ensuring effective marketing activities and maintaining customer

satisfaction. If products are unavailable, the company risks losing market share and failing to serve consumers optimally. Therefore, an internal control system is needed that encompasses an organizational structure, procedures, and various measures that are coordinated with each other to protect company assets, ensure the reliability of accounting information, increase efficiency, and ensure proper implementation of management policies (Mulyadi, 2011). Furthermore, a structured raw material inventory accounting system has been shown to strengthen the effectiveness of internal control while increasing the reliability of inventory reports (Wahyuni & Wulan, 2019).

In the food and beverage industry, raw material inventory serves as the primary foundation for producing high-quality products. The quality of raw materials significantly influences customer satisfaction, which in turn contributes to increased sales and optimal profitability for restaurants (Rahmat, 2017). Furthermore, given the relatively short and predictable product life cycle, companies are required to continuously develop new products with attractive designs to remain competitive in the market. This requires strong coordination between customers, products, production processes, and suppliers to ensure product success. Weak internal control over raw material inventory can lead to irregular supply, potentially disrupting the smooth production process (Luayyi, 2013).

In fast food companies, raw material inventory control is a vital managerial function because it impacts nearly all business activities, particularly marketing and finance. Therefore, companies need to implement appropriate policies to monitor and determine the required raw material inventory levels to ensure effective management and avoid disrupting operations. Evaluating and refining the internal control system for raw material inventory has been shown to improve operational efficiency while strengthening the protection of company assets (Ulfa & Zahro, 2023).

Although internal control of raw material inventory has been widely studied, most previous research still focuses on quantitative evaluations or general discussions of internal control systems without specifically linking them to the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework, particularly for small-scale fast food businesses (Frazer, 2012; Wahyuni & Wulan, 2019). Furthermore, research examining inventory control in the food and beverage sector generally places restaurants as one large category, so that operational characteristics of fast food such as high transaction frequency, limited resources, and specific operational risks have not been analyzed in depth (Naibaho, 2013; Putra, 2013). On the other hand, COSO guidelines do emphasize flexibility of implementation for small businesses, but empirical evidence explaining how COSO principles are actually implemented in raw material inventory control in small-scale fast food businesses is still limited, especially from the perspective of daily operational practices (COSO, 2013; IFAD, 2015). This condition indicates a research gap, especially related to the lack of COSO-based qualitative evaluations that are able to describe the suitability between the concept of internal control and actual practices in the field (Frazer, 2012; Putra, 2013).

Various studies have demonstrated that internal control over raw material inventory is a key element in maintaining smooth operations and business sustainability in the food sector. The large amount of investment in inventory has been shown to directly impact a company's profitability (Ediningsih, 2004), thus necessitating a structured internal control system to protect assets and ensure the reliability of accounting information (Mulyadi, 2011). This is further reinforced by the role of inventory accounting systems in improving internal control effectiveness (Wahyuni & Wulan, 2019). In the food and beverage industry, the quality and availability of raw materials determine not only customer satisfaction but also the stability of the production process, particularly for products with relatively short life

cycles (Luayyi, 2013; Naibaho, 2013). However, although evaluation of internal inventory control has been shown to improve operational efficiency, most research remains general in nature and does not fully capture the operational complexity of small-scale fast food businesses (Ulfa & Zahro, 2023). Several studies have indicated that in small businesses, internal controls are often implemented informally and rely heavily on the experience and direct involvement of the owner. Consequently, COSO principles are not always formally implemented (Dionne & Triki, 2019; Frazer, 2012; Putra, 2013). On the other hand, the implementation of more structured internal control elements has been shown to improve operational reliability and reduce the risk of inventory errors, although implementation is not always fully aligned with the COSO framework (Ahmad & Zabri, 2016). Studies in the food and beverage sector also confirm that the perishable nature of products and the high frequency of transactions require more adaptive inventory control mechanisms than in the manufacturing sector (Agapia et al., 2025). Although the COSO guidelines emphasize implementation flexibility for small businesses, the lack of qualitative studies describing actual practices in the field indicates a persistent gap between the conceptual framework and operational realities, particularly in small-scale fast food businesses (COSO, 2013; IFAD, 2015).

The most widely used framework for assessing internal control is the COSO Internal Control – Integrated Framework. COSO defines internal control as a process designed to provide reasonable assurance regarding the achievement of operational, reporting, and compliance objectives (COSO, 2013). COSO divides internal control into five main components, namely: (1) control environment; (2) risk assessment; (3) control activities; (4) information and communication; and (5) monitoring. These five components must be integrated for the internal control system to run effectively.

Inventory is an asset a company holds for sale, in the production process, or in the form of materials and supplies to be used in the production process. In manufacturing companies, raw materials are the primary component that will be processed into finished goods, so their availability is crucial to the continuity of the company's operations (Kieso et al., 2019). International accounting standards stipulate that inventories should be measured at the lower of cost and net realizable value. This requirement requires companies to have a system capable of reliably recording inventory quantities and values to prevent misstatements in financial statements (IFRS, 2023). Internal control is a system consisting of organizational structures, methods, and measures that are coordinated to safeguard company assets, check the accuracy and reliability of accounting data, promote efficiency, and ensure compliance with management policies (Mulyadi, 2023). Internal control also functions to minimize the risk of errors and fraud that can harm the company, especially for easily moved assets such as inventory (Romney et al., 2021).

Internal control over raw material inventory includes all policies and procedures aimed at ensuring that purchased raw materials are actually received, stored safely, used as needed, and recorded accurately (Mulyadi, 2023). Good inventory control at least includes the separation of duties between purchasing, receiving, storage, and recording, the use of sequentially numbered documents, and the implementation of periodic physical inventory checks (Horngren & Murali, 2019). Internal control evaluation is a systematic process to assess whether the design and implementation of controls are adequate to manage a company's risks (Arens et al., 2020). In the context of raw material inventory, the evaluation is conducted to determine whether the implemented system is capable of preventing loss, recording errors, and waste of materials.

Furthermore, the existence of internal audits also plays a crucial role in improving the effectiveness of raw material inventory control. Companies with strong internal audit

functions tend to be more able to reduce recording errors and inventory loss (Riyanto, 2015). Based on these considerations, this study was conducted to evaluate the internal control system for raw material inventory. The controls evaluated focused on how the company manages its inventory. High-quality products are key to a company's success, while low-quality products can lead to losses. Therefore, to maximize the chances of success, companies need to pay close attention to the quality of their raw materials, as high-quality raw materials will produce superior products that are competitive in the market.

METHOD

This study uses a qualitative research type with a descriptive approach. Qualitative research is a research procedure that produces descriptive data in the form of written words or from people or observed behavior (Moleong, 2014). The main data sources in qualitative research are words and action, the rest is additional data. In this regard, data types are divided into words, actions, written data sources, photographs, and statistics (Basrowi & Suswandi, 2008). The data in this study are in the form of statements conveyed to research subjects based on questions posed by the researcher. In qualitative research, there are two types of data: primary data and secondary data. Primary data is data directly collected by the researcher from its primary source in the form of interview texts obtained from informants who are used as samples in the study (Umar, 2013). Secondary data is supplementary data, namely data that is available and can be obtained by the researcher through reading, viewing, and listening (Sugiyono, 2020).

To ensure the reliability and validity of the research data, researchers employed several strategies commonly used in qualitative research. First, source triangulation was conducted, comparing information obtained from informants with different roles to assess the consistency and accuracy of the data presented (Moleong, 2014; Sugiyono, 2020). Second, researchers conducted member checking by reconfirming the interview summary results and initial interpretations with the informants to ensure the data presented aligns with the informants' experiences and intentions (Creswell & Poth, 2018). Furthermore, interview results were corroborated with supporting documents, such as inventory records and company operational procedures, as a form of data triangulation to increase the credibility of the findings (Miles et al., 2014). These strategies were used to minimize researcher bias and ensure the research results were scientifically credible.

The data collection procedure employed in this study was a structured interview. An interview is a conversation conducted with a specific purpose, involving two parties: the interviewer, who poses the questions, and the interviewee, who provides the responses (Ghozali, 2018). Researchers use structured interviews to obtain more accurate and verifiable data. Structured interviews involve interviews based on interview guidelines in the form of systematically structured questions.

The interview data obtained from the informants were analyzed systematically in several stages, following the principles of qualitative data analysis. The initial stage involved transcribing all interview results into written text to facilitate reading, analysis, and comparison between informants (Moleong, 2014). Next, the researcher conducted initial coding (open coding) by marking words, phrases, or statements from informants relevant to the research focus, particularly those related to the implementation of COSO-based internal controls for raw material inventory, as recommended in qualitative thematic analysis (Creswell & Poth, 2018). These initial codes were then grouped into categories or themes with similar meanings to facilitate understanding of data patterns (Sugiyono, 2020). In the final stage, the researcher interpreted the data, interpreting the meaning of the findings by

linking the categories formed to the COSO theoretical framework and the company's operational context, so that the analysis results were not only descriptive but also analytical and contextual (Miles et al., 2014).

Table 1. List of informants

No.	Informant	Department
1	Samsul Babus Salam	Manager
2	Syaiful Hasan	Supervisor (SPV)
3	Kamarullah	Staff Logistic

Source: M2M Pamekasan

The number of informants in this study was deemed adequate because qualitative research does not focus on the number of respondents, but rather on the depth and relevance of the information obtained (Creswell & Poth, 2018). Informants were selected purposively based on their direct involvement in raw material inventory management, thus possessing knowledge and experience relevant to the research focus (Sugiyono, 2020). During the interview process, the information obtained showed recurring and consistent patterns, and no significant new themes were identified in the final stage of data collection. This condition indicates that the data has reached saturation, which is when additional informants no longer provide meaningful new information (Guest et al., 2006; Miles et al., 2014). Therefore, the use of three informants in this study was sufficient to describe the phenomenon under study in depth and context.

Data analysis is the process of working with data by organizing it into manageable units, synthesizing information, identifying significant patterns, and determining what has been learned, as well as deciding what findings can be communicated to others (Moleong, 2014). There are four activities in qualitative data analysis carried out by researchers, including: a. Collecting data; b. Evaluating data; c. Analyzing data; and d. Drawing conclusions.

RESULTS AND DISCUSSION

In this section, the researcher not only describes the research results and discussion but also critically analyzes the partial implementation of COSO components, as follows: 1. The non-implementation of all COSO components in the internal control system for raw material inventory at M2M Pamekasan fast food indicates a practical adjustment to the operational conditions of small-scale businesses. Based on the research results, the company only focuses on implementing three main components, namely the control environment, risk assessment, and control procedures, while the information and communication and monitoring components are not implemented formally and separately. This condition is understandable because the relatively simple organizational structure causes the flow of information to run directly and informally, mainly through verbal communication between managers and employees. In this context, management tends to view the establishment of a formally documented information and communication system as not yet an urgent need, because the risk of information distortion is considered low due to the close working relationship and direct involvement of managers in daily operations; 2. In addition, limited resources, both in terms of the number of workers and administrative capacity, are the main factors that limit the implementation of the independent monitoring function. In small-scale fast food businesses, the monitoring function is often directly attached to the manager's role through direct supervision and the use of simple tools such as CCTV, so that a separate monitoring mechanism is not established as recommended in the COSO framework. This practice indicates that internal control is more directed at short-term operational

effectiveness than at structural compliance with all COSO principles. In other words, companies tend to adopt a pragmatic approach, where control components are selected based on the level of urgency of the risks faced, such as inventory loss, recording errors, and damage to raw materials during the distribution process; and 3. Furthermore, dependence on the head office as the main supplier also affects the scope of COSO implementation at the store level. The standardization of procedures, recording systems, and procurement policies established by the head office limits local management's authority to develop more complex information and monitoring systems. As a result, some COSO components are not developed independently, but are assumed to be accommodated within the centralized system. This finding indicates that COSO implementation in small-scale fast food businesses is not comprehensive, but rather selective and contextual, tailored to the company's organizational structure, resource limitations, and operational characteristics.

Next, the researcher will outline the research findings and discussion. The following is a description of the research findings, including:

1. Analysis of the Implementation of the Internal Control System for Raw Material Inventory

The internal control system for raw material inventory implemented at M2M Pamekasan is in accordance with the internal control system indicators according to COSO which consist of: control environment, risk assessment, control procedures, information and communication, and monitoring. With the implementation of the internal control system for raw material inventory at M2M Pamekasan, the company is able to: fast food M2M Pamekasan is very helpful for the company in ordering raw materials, checking until receiving goods from the head office, everything runs well and smoothly so that the stock of raw materials in the warehouse is always in accordance with the income and expenditure of goods because every day must be recorded so that there is no difference in the number of goods and there must be special supervision for the stock of raw materials so that no goods are lost and everything can be safely controlled (Muhsidi et al., 2024).

2. Analysis of Internal Control System for Raw Material Inventory

The internal control system for raw material inventory implemented by fast food M2M Pamekasan is in accordance with the internal control system indicators according to COSO which consist of several components: a. control environment which includes the attitude of management and employees towards the importance of existing controls in the company; b. risk assessment carried out by company management must be able to identify various risks faced by the company; c. control procedures which are various processes of efforts carried out by company management to enforce supervision or control of company operations. So with the internal control system in the inventory of raw materials implemented by the company, everything runs well because it has implemented the internal control system created by COSO and they must also implement it in accordance with the rules of COSO and the rules fast food throughout Indonesia so that M2M Pamekasan remains good in the eyes of consumers forever.

From the research results above, researchers can describe the discussion of the research results, including:

a. Analysis of the Implementation of the Internal Control System for Raw Material Inventory

Internal control system for raw material inventory implemented in fast food M2M Pamekasan is in accordance with the internal control system indicators according to COSO which consist of several components, namely: control environment, risk

assessment, control procedures, information and communication, monitoring. However, among the five components, the company only uses three components that are very important for the company's progress, namely the control environment, risk assessment and control procedures. For the problem of raw material inventory, the system they use is that they must stock the required materials so that there is no shortage or even a minus in the supply of raw materials in 1 month by recording every day how many items are used up, how many items are out and how many remaining items in the warehouse, all of which must be recorded every day. So with the internal control system in raw material inventory, everything runs well and smoothly from checking to supervision, everything is safe. This is in line with several previous studies including (Riyanto, 2015; Rosalia et al., 2025).

The process of purchasing raw materials in fast food M2M Pamekasan is by ordering directly to the head office because the head office is a special office to provide raw materials needed by all M2M in Indonesia such as flour, oil, sauce and others that have been supplied from the office, except for raw materials such as chicken that have their own company or have their own PT and the M2M head office has collaborated with the company or PT, but there are also materials that are not supplied from the office, for example, LPG Gas, Ice cubes, chilies are not sent by the office so they are allowed to order from outside. The point is that the basic raw materials have been supplied from the office and are not allowed to buy from outside. So if there are raw materials that have run out or are almost running out, the party fast food M2M Pamekasan makes documents or notes of the materials needed and these notes are immediately submitted to the head office. Later, the materials they need according to the contents of the notes are immediately sent by the head office to the store fast food M2M Pamekasan.

The results of the documents or records of all raw materials must be entered into the computer and previously existed in the computer because all records must be entered every day, checked at the end of each month to see whether the records match the amount of materials available to prevent theft or waste of materials. Documents received by the party fast food M2M Pamekasan from the head office only documents the goods receipt containing the number of materials needed and if the goods are in accordance then they are checked. The goods receipt note obtained from the head office consists of 3 copies of the note, including: 1. a white note for the third party.fast food M2M Pamekasan; 2. pink for the head office; and 3. yellow for the drivers. So everyone has their own notes, so that the parties fast food M2M Pamekasan and the head office are not worried about the shortage or excess of the number of goods ordered because everything is in accordance with the recorded documents in the note and the note can be used as evidence so that there is no difference between the goods sent and the goods received.

b. Analysis of Internal Control System for Raw Material Inventory

Internal control system for raw material inventory implemented in fast food M2M Pamekasan is in accordance with the internal control system indicators according to COSO, namely: 1. in terms of the manager's control environment fast food M2M Pamekasan applies an internal control system to the inventory of raw materials with a modern management operating style so that employees are not stressed and feel comfortable in working, and besides that he also created an appropriate organizational structure; 2. in terms of risk assessment of the internal control system applied in the risk assessment, managers and employees must have a briefing first before checking the incoming materials because of the risks they often face, namely in terms of sending goods from the head office, sometimes there are damaged ones, so they must be checked first

by employees if there are damaged goods immediately returned so that they can be replaced immediately by the office; 3. in terms of control procedures, efforts made by managers fast food M2M Pamekasan enforces supervision by installing CCTV cameras in several locations. He feels the CCTV cameras are helpful because they can monitor employee performance and prevent misappropriation of raw material inventory. Therefore, with an internal control system in place for raw material inventory, everything runs smoothly. This is in line with several previous studies, including (Indrawati & Mustikowati, 2014; Naibaho, 2013).

The advantages that exist infast foodM2M Pamekasan has been using the internal control system according to COSO in the company's raw material inventory, namely: 1. The raw materials used are in accordance with the Indonesian National Standard (SNI); 2. Fast food M2M Pamekasan also uses ingredients that have been certified halal, it is impossible to take ingredients that are not certified halal; 3. Fast food M2M Pamekasan prioritizes quality product quantity to avoid customer disappointment. Therefore, the company must prioritize customer satisfaction by using high-quality ingredients to ensure customer loyalty and achieve our goal of providing the best for our customers.

There are obstacles faced by fast food M2M Pamekasan in implementing an internal control system on raw material inventory, and the obstacles they often face in implementing an internal control system on raw material inventory are in terms of shipping raw materials if the stock of raw materials in the warehouse has run out because during the weekend the store doubles while the raw material delivery schedule is still a few days away and they are not allowed to buy raw materials from outside, they have to buy from the head office. So the solution if the raw materials in the warehouse are low and the delivery schedule is still a long way off, the company must borrow from other stores that still have quite a lot of raw materials to borrow later when their raw materials have been sent, then they can replace the materials they have borrowed from other stores. The impact of the internal control system on raw material inventory is that the materials used must be Indonesian National Standards (SNI) and halal certified, in addition, they must also be under special supervision to prevent any lost or damaged goods because the entry and exit of raw materials have been recorded properly. So with the internal control system on raw material inventory implemented by fast food M2M Pamekasan is running well because they have implemented the internal control system created by COSO and they also have to implement it according to the rules of COSO and the rules. Fast food throughout Indonesia so that fast food M2M Pamekasan and other M2Ms remain good in the eyes of consumers at all times.

c. Analysis of Risks and Weaknesses in Internal Control Implementation

Although the research results indicate that the implementation of the internal control system for raw material inventory at the M2M Pamekasan fast food company is quite effective and supports smooth operations, there are a number of risks and weaknesses that require critical examination. One major weakness lies in the incomplete implementation of the COSO framework, where the company only focuses on a few key components. This condition has the potential to create a high risk of dependence on direct managerial supervision, so that control effectiveness is heavily influenced by the presence and consistency of certain individuals. If there is a change in management or a decrease in the intensity of supervision, this personal control system can lose its effectiveness.

Furthermore, the lack of a formally structured information and communication system opens up the possibility of recording errors or delays in information, particularly when transaction volumes increase, such as during weekends. Even with daily record keeping,

reliance on manual processes and human input still carries the risk of human error, both in the form of miscalculations and omissions in inventory recording. This risk is even more significant given the perishable nature of fast food ingredients and their rapid turnover, where even small errors can directly impact product quality and customer satisfaction.

Another identified weakness is the high reliance on the head office as the primary supplier of raw materials. While a centralized distribution system provides consistent quality standards, it also limits stores' flexibility in responding to unexpected spikes in demand. This is reflected in the practice of borrowing and lending raw materials between stores when stocks run low. While a short-term solution, this poses the risk of record discrepancies and potential administrative conflicts if not closely monitored. Furthermore, limited authority to make alternative purchases increases the risk of stockouts, which can disrupt operational continuity and reduce sales potential.

From a monitoring perspective, the use of CCTV as a surveillance tool does provide benefits, but it cannot completely replace systematic and independent monitoring. CCTV plays a greater role as a deterrent to misconduct, but is less effective in detecting procedural weaknesses or inefficiencies in the overall control system. Without documented, periodic evaluations, companies risk overlooking latent weaknesses that are only identified when the problem has already significantly impacted operations.

Based on the results of this study, the researchers presented a comparison of their findings with those of previous studies, demonstrating similarities and differences. The results are as follows:

Table 2. Comparison of research results

No	Aspects Compared	Research Findings	Previous Research Findings	Equality	Differences
1	Internal control framework	Referring to COSO but only applying the three main components contextually	Most studies use COSO as a general conceptual reference (Frazer, 2012; Putra, 2013).	Both use COSO as the basis for evaluation.	This research emphasizes partial and adaptive implementation.
2	Control environment	Built informally with a flexible management style	The control environment is seen as the foundation of internal control (Indrawati & Mustikowati, 2014; Mulyadi, 2011).	Emphasizes the importance of the control environment	The informal approach is more dominant in this research
3	Risk assessment	Focus on shipping risks, damage, and demand spikes	Inventory risks are generally associated with recording and loss of stock (Naibaho, 2013; Riyanto, 2015).	Both highlight the importance of risk identification	This study adds to the typical risks of fast food
4	Control procedures	Using daily records, duplicate notes, and CCTV	Emphasizing separation of duties and formal documentation (Rosalia et al., 2025; Wahyuni & Wulan, 2019).	Control procedures are considered crucial	A simple and practical approach is emphasized
5	Information and communication	No separate formal system is formed, direct communication	Accounting information systems are considered important (Wahyuni & Wulan, 2019).	Information remains an element of control	The informal approach is considered quite effective
6	Monitoring	Done directly by managers without internal audit	Monitoring should ideally be carried out independently and	Emphasizing the importance of supervision	There is no formal monitoring function

No	Aspects Compared	Research Findings	Previous Research Findings	Equality	Differences
			continuously (COSO, 2013).		
7	Impact of implementation	Improve inventory efficiency and security	Internal control has a positive impact on efficiency and asset protection (Frazer, 2012; Ulfa & Zahro, 2023).	Consistent positive impact	The context of small fast food is more emphasized

Source: Processed data

Based on the comparison of the research results in Table 2, it can be concluded that this study not only confirms previous findings regarding the importance of COSO based internal control, but also offers a new perspective on selective and contextual implementation patterns in small-scale fast food businesses. In contrast to most previous studies that emphasize the structural and formal implementation of COSO, this study shows that internal control effectiveness can still be achieved even if only some COSO components are implemented, as long as those components are relevant to the main operational risks faced by the company. These findings confirm that the control environment, risk assessment, and control procedures are the key elements that most influence the safety and efficiency of raw material inventory in the fastfood sector.

The novelty contribution of this research lies in the assertion that flexibility in the application of the COSO framework is not a weakness of the internal control system, but rather a form of rational adaptation to limited resources, simple organizational structures, and high operational dynamics. This research extends the literature by showing that in the context of small businesses, the effectiveness of internal control is determined more by its suitability to actual operational conditions than by the formal completeness of all COSO components. Thus, the results of this study provide theoretical implications that COSO can be applied adaptively without losing its function as a control tool, while also providing an empirical basis for the development of a more realistic and applicable internal control model for small-scale fastfood businesses.

CONCLUSION AND SUGGESTIONS

Based on the research findings and the preceding discussion, several conclusions can be drawn as follows: 1. M2M Pamekasan is an Indonesian fast food restaurant company. The types of food served are: fried chicken, various burgers, fries and spaghetti. Drinks or desserts available include: soft drinks, orange juice, Milo, red velvet. The internal control system for raw material inventory is implemented in fast food M2M Pamekasan according to the internal control system indicators according to COSO consists of 3 (three) components that are very important for the progress of the company, namely: control environment, risk assessment and control procedures. With the implementation of the internal control system for raw material inventory, it is very helpful for the company in ordering raw materials, checking until receiving goods from the head office, everything runs smoothly so that the inventory of raw materials in the warehouse is in accordance with the income and expenses; 2. The impact of the internal control system on raw material inventory is that the materials used must be SNI standard and halal certified. In addition, it must also be under special supervision to prevent any missing or damaged materials because the entry and exit of raw materials have been properly recorded. So with the internal control system on raw material inventory implemented by the company, everything runs well in accordance with the rules of COSO and the rules fast food throughout Indonesia.

Based on the conclusions drawn, several recommendations are proposed for the company and future researchers, as follows: 1. In the future, it is hoped that the company will be better off using the 5 (five) internal control system indicators created by COSO because all of these indicators are very important for the company's progress; 2. For raw material recording documents recorded daily by employees, it needs to be developed further, namely by using a modern recording application system so that employees can more easily calculate the amount of incoming and outgoing materials, so that the raw material purchasing process is also automatically easier to submit to the head office; 3. As one of the companies fast food which is quite large in Indonesia, for managers and employees there should be briefing at the beginning, before any materials come in, it is necessary to increase supervision in terms of raw material inventory and the entry and exit of raw materials must be recorded at all times so that no goods are lost or damaged and so that there is no misappropriation of raw material inventory.

The findings of this study provide theoretical implications that the COSO internal control framework is adaptive and remains relevant when applied to small-scale fast food businesses, even though not all of its components are implemented formally and simultaneously. Theoretically, these results reinforce the view that the effectiveness of internal control in small businesses is determined more by the appropriateness of the operational context than by the completeness of the control structure itself, thus supporting the contingency approach in COSO implementation. This study also enriches the internal control literature by showing that the selection of COSO components considered most crucial such as the control environment, risk assessment, and control procedures can still result in an effective inventory control system.

From a managerial perspective, the results of this study imply that small-scale fast food businesses need to prioritize disciplined inventory records, direct supervision, and clear coordination with suppliers or head office to minimize the risk of raw material shortages and inventory loss. Furthermore, the use of simple technologies such as computer-based record keeping and CCTV installation has been shown to facilitate oversight without significantly increasing costs. These findings also demonstrate the importance of more flexible inventory planning, particularly in the face of peak demand during certain periods, allowing management to anticipate distribution schedule constraints and maintain smooth operations without violating company policy.

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