



Evaluation Of Production Cost Control Using Flexible Budget And Direct-Cost Variance In Restaurant Lamongan Sport Center

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ABSTRACT

Budgeting is a process of the preparatory phase required before the commencement of the preparation of the plan, the collection of necessary data and information, the division of the task of planning, the preparation of its own plan, the implementation and the plan, until finally the stage of monitoring and evaluation of the results of implementing the plan. The hypothesis in this study are as follows: Suspected Cost Control Production using Efficient and Effective Flexible budget used in LA Restaurant. Suspected Cost Control Production using Direct Cost Efficient and Effective Varian used at LA Restaurant. Suspected Cost Control Production using Flexible Budget and Direct-Cost Efficient and Effective Variant used on LA Restaurant. The results showed: The cost of raw materials "LA Restaurant" in 2012 until 2016 is under control. The direct labor cost of "LA Restaurant" in 2012 until 2016 is under control. The factory overhead cost of "LA Restaurant" in 2012 until 2016 is uncontrollable. The deviation is Rp. 1.237.287.435,00 (8.68%). The difference between the cost of raw materials and the difference in direct labor costs is advantageous while the difference in overhead costs is profitable

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1. Introduction

The planning process is done by evaluating past achievements and assessing future conditions. Past performance is evaluated to find out whether the profit determined has been achieved, as well as the factors achieved. Whereas an assessment of future conditions is carried out to determine the development of the external and internal environment which will affect the company's profit. Planning is needed by the company as a means of coordinating the activities of all the parts in the company. With the existence of a plan, the activities of all parts of the company will support each other and work together together towards a predetermined target. The results obtained in the planning process will be the basis for carrying out the control function. The control process can focus on events before, during, or after a process.

According to Garrison and Noreen (2000: 111) that control in comparison continues over the actual implementation with the program, or the budget prepared through the planning function. One of the most commonly used control methods is the process of setting targets for various organizational expenses and monitoring results and then comparing them with the budget to make the necessary changes. Effective control requires tools or information containers to communicate the results of planning at all levels of management. The device or container is called a budget. The budget describes a plan for the future that will be expressed in formal financial terms.

According to Prawironegoro and Purwanti (2009: 133) budget flexibility is divided into two namely static budget funds and flexible budgets. Static budget is a budget that is prepared for only one level of activity. Then the flexible budget is a budget arranged based on several levels of activity. Static budgets have weaknesses in their application in companies because they are prepared for only one level of activity, so they are less effective if used as a control tool. This causes a deviation between the budget and its reality. Therefore,



a flexible budget is considered more suitable as a principle of control, because it is prepared based on several levels of activity, so that control becomes more effective and efficient.

Furthermore Prawironegoro and Purwanti (2009: 134) suggest that flexible budgets can be an alternative in providing solutions to performance measurements, which have further consequences for the ability to anticipate changes that occur at the activity level in the budget period and can be used to analyze cost deviations with better. Thus a flexible budget is very useful in controlling production costs.

According to Mulyadi (2009: 108) classifying costs into direct costs and indirect costs. Direct costs (direct costs) are costs that are directly charged to the object or product. While indirect costs (indirect costs) are costs that are difficult or cannot be charged directly with the production unit. Garrison, et al (2007: 32) state the variance is the difference between standard costs and actual costs. Variance is considered good if the actual cost is smaller than the standard cost. The amount of variance in a period usually consists of favorable variance (favorable) and variance that is not good (unfavorable).

LA Restaurant is a subsidiary of the Lamongan Sport Center, which is engaged in food and beverage. In preparing its budget, this company controls production costs. By implementing flexible budgets as a means of controlling production costs. The purpose of this study is to determine the efficient and effective control of production costs using flexible budget and direct-cost variance in the Lamongan SportCenter Restaurant for the 2014-2018 period.

2. Research Methods

In this study the authors used a qualitative descriptive method which included qualitative research types including collecting data, evaluating data, interpreting data, and ending with a conclusion that ignores the evaluation of the data. Population according to Sugiyono (2011: 61) Population is a generalization area consisting of objects / subjects that have certain qualities and characteristics determined by researchers to be studied and then drawn conclusions. direct labor costs and overhead costs. Sample according to Sugiyono (2011: 62) the sample is part of the number and characteristics possessed by the population. The sample in this study is the LA Restaurant of the year to be investigated, namely 2014-2018.

Furthermore, the authors compare the results obtained when using a static budget that has been used by the company with the calculation results obtained through a flexible budget so that it can be known differences in information produced according to quantity and quality. To see these differences, the deviation or variance of the budget can be calculated. The formula that can be used for analysis of raw material variance, labor variance and factory overhead variance proposed by Sunarto (2004: 66) is as follows:

- 1) Difference in Raw Material Cost is the difference between the actual cost and the cost of raw material according to the standard. There are two kinds of difference in the cost of raw materials, according to Sunarto (2004: 66), namely:
 - a. The difference in the price of raw materials is the difference caused by the price difference, while the calculation formula proposed by Sunarto (2004: 66):
$$\text{Price Difference} = (HS - HSt) \times KS$$
Where :
HS = The actual price of the material purchased
HSt = Price of material according to standard
KS = true quantity
 - b. Difference in quantity of raw materials is the difference in the quantity of raw materials needed according to the standard and in fact, can be calculated with the formula proposed by Sunarto (2004: 67), namely:
$$\text{Quantity Difference} = (KS - KSt) \times HSt$$
Where :
KS = The actual quantity used
KSt = Quantity according to standard
HSt = Standard price
- 2) Difference in labor costs is the difference between actual labor costs and labor costs according to standards. There are two kinds of differences in direct labor costs, namely:
 - a. Tariff difference is the difference in labor costs caused by the difference in the standard wage rate with the actual average wage rate. The formula for calculating the difference in tariff according to Sunarto (2004: 67) is as follows:
$$\text{Tariff Difference} = (TS - TSt) \times JS$$
Where :
TS = Actual rate

TSt = Standard fare

JS = Real time

- b. Efficiency difference is the difference caused by the difference in the number of standard labor hours with the actual number of hours to make a number of production. The formula for the difference in labor efficiency according to Sunarto (2004: 68) is as follows:

Difference in Efficiency = $(JS - JSt) \times TSt$

Where :

JS = Actual working hours

JSt = Working hours according to standard

TSt = Standard fare

- 3) Difference in factory overhead costs is the difference in costs caused by the difference between factory overhead costs that actually occur with standard factory overhead costs. (Abdul Halim, 2001: 293) Difference in factory overhead costs in this discussion using the Four Difference method. The four difference analysis model is an extension of the three difference analysis model, where the efficiency difference is separated into a variable efficiency difference and a fixed efficiency difference. So that in the analysis of the four differences, the difference in factory overhead costs becomes:
 - a. Budget difference
 - b. Capacity difference
 - c. Variable efficiency difference
 - d. The efficient difference remains

3. Results And Discussion

3.1. Difference in Cost of Raw Materials

The difference in cost of raw materials Restaurant Lamongan Sport Center in 2014-2018 amounted to Rp 1,168,396,500 (7.4%). This difference is beneficial, then the controlled categorization. The difference in cost of raw materials is caused by two components, namely the difference in price of raw materials that are profitable in the amount of Rp 2,169,506,100 (5.7%) and the difference in the quantity (use) of unprofitable raw materials in the amount of Rp 1,001,109,600 (1.7%). The difference in quantity (usage) of raw materials is categorized under control because it is still below the tolerance limit of 5%.

Difference in price of raw material that is profitable is Rp 1,168,396,500 (7.4%), allegedly because: Buyers in economical quantities. In purchasing raw materials, Restaurant Lamongan Sport Center makes purchases in economical quantities, meaning that the purchase of raw materials is not purchased in quantities that are too much and not too close, but according to the established standards.

While the difference in quantity (usage) of raw materials that are unprofitable but still under control is Rp 1,001,109,600 (1.7%), allegedly because: Changes in product design by Restaurant Lamongan Sport Center to meet changing market tastes have not been stated in the standard. Changes in product design changes will affect the difference in quantity (usage) of raw materials. Therefore we need a standard for the design of these products.

3.2. Difference in Labor Costs

The difference in direct labor costs in 2014-2018 was IDR 364,132,600 (3%). This difference is the difference that is not profitable but still under control. The difference in direct labor costs was caused by the difference in direct wage rates which were profitable at Rp 64,192,000 (1.7%) and an inefficient direct difference in direct wages was Rp 304,389,000 (9.9%). The efficient difference in direct wages is categorized under control because it is still below the tolerance limit of 5%.

The difference in direct wage rates that are beneficial is Rp. 64,192,000 (1.7%), allegedly because the use of direct labor with a different wage rate group is different from the standard for certain jobs. In this case Restaurant Lamongan Sport Center pays a different wage rate to direct workers who do their work routinely with overtime pay. While the difference in the efficiency of direct wages that are unprofitable but still under control of Rp 304,389,000 (4.7%) is allegedly because the production section works inefficiently as a result of the lack of labor supervision. In connection with work issues, Restaurant Labam Sport Center itself does not supervise the work of production employees directly but instead entrusts full direct labor supervision on outsourcing.

3.3. Difference in factory overhead costs

The difference in factory overhead costs in 2014-2018 was Rp 2,770,787,969 (8.68%). The difference in factory overhead costs is a difference that is unprofitable and uncontrolled. The difference in factory overhead costs is caused by the difference in budget costs that are unprofitable but under control of Rp 1,091,822,219 (4.8%). The occurrence of a difference in capacity that is unprofitable but still under control of Rp.

1,575,691,950 (5.5%). The occurrence of a variable efficiency difference that is unprofitable but still under control of Rp 44,767,800 (2.8%) and the occurrence of a difference in efficiency that is unprofitable but still manageable at Rp 58,506.00 (0.39%).

The difference in budget costs that are unprofitable but still constrained at Rp 1,091,822,219 (4.8%) is allegedly due to the difference between actual factory overhead costs compared to factory overhead costs budgeted at actual capacity (flexible budget at actual capacity). This happens because of the addition of factory facilities, resulting in increased depreciation costs.

Difference in capacity that is unprofitable but under control of Rp. 1,575,691,950 (5.5%) allegedly due to an actual capacity smaller than the normal capacity. This happens because of declining consumer demand due to the increasing number of competitors in terms of culinary.

Variable inefficient difference that is unprofitable but still under control amounting to Rp 44,767,800 (2.8%) and the occurrence of a difference in efficiency that is unprofitable but still manageable at Rp 58,506,000 (0.39%) allegedly due to damage to the machine resulting in unemployed employees .

4. Conclusion

Based on the data obtained and the results of the analysis, the authors conclude that:

- Difference in cost of raw materials Restaurant Resto Sport Center in 2014-2018 by 4%. This difference is the difference that is beneficial, then controlled. The difference in cost of raw materials is due to the difference in price of raw materials that are profitable by 5.7% and the difference in the quantity (use) of raw materials that are not profitable by 1.7%. The difference in the quantity of direct wages is categorized under control because it is still below the 5% tolerance limit.
- The difference in direct labor cost Restaurant Lamongan Sport Center in 2014-2018 was 3%. This difference is the difference that is not profitable but still under control. The difference in direct labor costs is caused by the difference in direct wage rates that are profitable at 1.7% and the difference in efficiency of direct wages that are not profitable at 4.7%. This difference in direct wages is categorized under control because it is still below the tolerance limit of 5%.
- The difference in factory overhead costs for Restaurant Lamongan Sport Center in 2014-2018 was 8.68%. The difference in factory overhead costs is a difference that is unprofitable and uncontrolled. Difference in factory overhead costs.
- Caused by the occurrence of a budget difference that is unprofitable but still controlled by 4.8%, there is an unfavorable capacity but still controlled by 5.5%, the occurrence of a variable efficiency difference that is unprofitable but still controlled by 2.8%, and occurs the difference in efficiency remains unfavorable but still controlled by 0.39%.

The causes of the unfavorable but still controlled difference are as follows:

- Raw materials damaged by careless employees, not trained, and not supervised.
- The production department works inefficiently due to lack of supervision of labor.
- The addition of factory facilities, resulting in increased depreciation costs.
- Declining consumer interest due to the increasing number of competitors.
- There is damage to the machine that results in unemployed employees.

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