

Management Audit To Assess The Effectiveness And Efficiency Of Marketing Functions At PT PSN

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Abstract: This study aims to assess the effectiveness and efficiency of the marketing function using management audit techniques at PT PSN. Data analysis in this study is descriptive qualitative data analysis. Data sources are primary and secondary data. Analyze in detail through interviews, observations, and documentation. The assessment of the effectiveness of the marketing function with the ratio of income and return on marketing investments in 2019 has been effective, in 2020 the ratio of income has not been effective and the return on marketing investment has been effective and for the calculation of the ratio of income and return on marketing investment for 2021 it has not been effective due to the preparation of a high revenue budget and the lack of updates to promotional programs. Meanwhile, the efficiency of the marketing function for marketing costs and gross profit on sales at PT PSN in 2019 has been efficient, in 2020 the use of marketing costs has not been efficient because the use of social media has not been optimal, while the gross profit in the price policy has been efficient and marketing costs in 2021 have been efficient, while the gross profit in 2021 has not been efficient because the business does not consider the price policy.

Keywords: Management Audit, Effectiveness, Efficiency, Marketing Functions

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Introduction

Marketing is an organizational activity, a set of elements and processes of creating, communicating, delivering, exchanging offers that provide value for customers, clients, partners and society (William M & Ferrell Oc, 2018). Marketing is used to obtain what the user wants by making, offering or exchanging something of value to other parties regarding products or services (Sudarsono, 2020). Therefore, to assess the performance of marketing functions that have been running effectively and efficiently in a company, a management audit is required (Diaz Priantara, 2013). Audit is an activity of collecting, evaluating evidence and information to determine and report the degree of conformity between information and criteria that have been set as a parameter (Mangesti & Panji Asmara, 2021).

Management audit is an evaluation of the effectiveness and efficiency of the company's operations (Bayangkara, 2017). Marketing can be said to be effective if the results that have been achieved can reflect the company's goals, and can be said to be efficient if marketing has maximum operational accuracy to the resources it has. management audit can thoroughly analyze for the appraiser the elements of management of an organization that have been planned, implemented, and controlled with management principles (Ira Hasti Priyadi, 2020). In addition, with management audits we can analyze the impact that will occur from the consequences of errors that will arise and determine solutions that will be suggested in order to achieve improvement in program management in the future (Wahyudi, 2017).

PT PSN is a beach club that offers restaurant services located in Badung Regency and has 2 bars and kitchens (Fbc and St. Tropez), PT PSN's revenue level has continued to decline in the last two years. This can be said because there is a discrepancy between the income level target and the realization on 2019, 2020, and 2021.

The following table shows the realization of budget and revenue at PT PSN from 2019 to 2021:

Table 1 Budget and Revenue Level 2019-2021

Year	Budget	Realization	Difference	
	Income (Rp)	Income (Rp)	(Rp)	(%)
2019	63.931.749.243	77.028.240.519	13.096.491.276	20,5
2020	22.143.008.233	20.326.378.649	(1.816.629.584)	-8,2
2021	24.574.383.320	23.590.958.790	(983.424.530)	-4,0
Average	36.883.046.932	40.315.192.653	3.432.145.721	2,8

Source : PT PSN (2022)

Based on Table 1, there was a significant decrease in 2020. Judging from the achievement of the realization from 2019 which amounted to Rp. 77,028,240,519 and had a difference of Rp. 13,096,491,276 or the difference of 20.5% exceeding the budgeted realization. In 2020 it was -Rp. 816,629,584 and the difference was -8.2%. And for 2021 the realization of income is only IDR 23,590,958,790 and the difference is -4.0%. From these results, it is estimated that this condition occurs due to the contradiction between the targets designed and the consecutive promotions, so that the expected targets are difficult to achieve because the promotion strategy implemented lacks innovation. Seeing conditions like this, there are indications of weaknesses in the marketing function so that it is necessary to assess and evaluate the effectiveness and efficiency of the marketing function to find out other possible causes of a significant decline so that it is immediately evaluated, explored, and taken further action, so that it will not adversely affect the level of profitability obtained by the company in the future.

Table 2 Realization of Marketing Costs and Marketing Cost Budgets
Year 2019-2021

Year	Realization of	Marketing	Difference	
	Marketing Costs (Rp)	Cost Budget (Rp)	(Rp)	(%)
2019	3.458.011.526	3.079.897.068	(378.114.458)	-12,3
2020	1.506.865.156	1.808.000.945	301.135.789	16,7
2021	1.222.502.823	1.205.949.047	(16.553.776)	-1,4
Average	2.062.459.835	2.031.282.353	(31.177.482)	1,0

Source: PT PSN (2022)

Based on Table 2, it can be seen from the realization of marketing costs in 2019 of Rp. 3,458,011,526 and has a difference of -12.3%. In 2020 it decreased to Rp. 1,506,865,156 and had a difference of 16.7% and in 2021 it experienced a slight decrease to Rp. 1,222,502,823 with a difference of -1.4%. From these results, it is known that in 2019 and 2021 it produced a difference in unfavorable (Adverse) because the realization of marketing costs was greater than the amount of costs estimated. Previous research conducted by (Ayu Pamungkas, 2016) This research uses a descriptive qualitative method, while for the assessment of the effectiveness and efficiency of the marketing function, it is assessed based on the marketing audit area and the assessment of the marketing realization budget. Further research conducted by (Vallayanti Putu, 2020) from the results of this study, it shows that the marketing function in September and October 2019 showed that the results were not yet effective. Meanwhile, the other months of 2019 showed that the results were effective. The discovery of weaknesses in the services carried out by the sales and marketing department. In addition the research conducted by (Prisela Amanda, 2021) Wyndham Tamansari Jivva Resort Bali's assessment of the marketing environment, marketing strategy, marketing productivity, as well as marketing function policies for product policies, pricing policies, and distribution policies are running well and effectively, while for marketing systems, and promotional policies have not been effective.

Previous research that has been carried out previously discusses problems similar to this research, namely regarding management audits to assess the effectiveness and efficiency of marketing functions. However, there is a difference, namely that this research will be carried out at PT PSN in 2022. The purpose of this study is to determine and assess the level of effectiveness and efficiency of the marketing function with management audit techniques at PT PSN.

Method

The research used in this study is a type of qualitative research. Through this method, researchers will obtain complete data in the form of interviews, observations and existing documentation and can be described in detail in the form of words or sentences (J. Moleong, 2017). The data sources in this qualitative study use primary data sources and secondary data sources. Primary data is a source of data obtained directly from informants, while secondary data is a source of data that is indirectly obtained from a second party or through documents obtained (Sugiyono, 2018). Data analysis in this study is 1) preliminary audit, 2) management control review and testing, 3) detailed audit, 4) reporting, and 5) follow-up. In addition, researchers also used the analysis of income ratio, ROMI, and cost ratio. The formula used is:

$$\text{Effectiveness} = \frac{\text{Revenue Realization}}{\text{Revenue Budget}} \times 100\% \text{ (Mahmudi, 2019)}$$

$$\text{ROMI} = \frac{\text{Revenue Realization}}{\text{Realization of Marketing Costs}} \times 100\% \text{ (Chairil Afundy dan Syamsul Backri, 2013)}$$

$$\text{Efficiency} = \frac{\text{Realization of Marketing Costs}}{\text{Marketing Budget}} \times 100\% \text{ (Mahmudi, 2019)}$$

$$\text{Efficiency} = \frac{\text{Sales} - \text{Cost of Goods Sold}}{\text{Sales}} \times 100\% \text{ (Kasmir, 2016)}$$

Results and Discussion

1. Effectiveness and Efficiency

The effectiveness of the marketing function at PT PSN can be calculated using the analysis of the income ratio by comparing the realization of income with the revenue budget. The calculation of the analysis of the 2019, 2020, and 2021 income ratios is as follows:

Table 1 Revenue Ratio

Year	Revenue Budget Rp	Revenue Realization Rp	Income %	Effective/Ineffective
1	2	3	4 = (3:2)	
2019	63.931.749.243	77.028.240.519	120,5%	Effective
2020	22.143.008.233	20.326.378.649	91,8%	Ineffective
2021	24.574.383.320	23.590.958.790	96,0%	Ineffective

Source: PT PSN (2022)

Table 1 shows that the analysis of the company's revenue ratio in 2019 obtained a result of 120.5%, in 2020 it was 91.8%, and in 2021 it was 96.0%. The results decrease every year, these achievements have not met the predetermined standards because the results of the achievements are less than 100% compared to those that have been budgeted, so this may indicate ineffective marketing activities. Meanwhile, the analysis of return on investment by comparing operating net profit with marketing investment budget. The calculation of the analysis of the 2019, 2020, and 2021 income ratios is as follows:

Table 2 Return On Marketing Investment

Marketing Years	Income (Rp)	Cost Marketing (Rp)	ROMI	Hurdle Rate
2019	77.028.240.519	2.082.207.046	36,99	30,94
2020	20.326.378.649	750.530.324	27,08	25,83
2021	23.590.958.790	380.112.571	62,06	91,79

Source: PT PSN (2022)

Table 2 the value of return on marketing investment generated in 2019 is effective, which means that the company obtained a ROMI of 36.99% or greater than the company's hurdle rate of 30.94. In 2020 it was effective because the company's ROMI was 27.08 or greater than the company's hurdle rate of 25.83 and for 2021 it was ineffective because the company's ROMI was 62.06 or less than the company's hurdle rate of 91.79. In 2021 the company did not get a good return on investments made for marketing activities.

The efficiency of marketing costs at PT PSN can be done with a review of the calculation of the marketing cost efficiency ratio for the years 2019 to 2021.

Table 3 Marketing Cost Efficiency Ratio

Year	Realization of Marketing Costs (Rp)	Revenue Realization (Rp)	Income (%)	Efficient/Inefficient
1	2	3	4=(2:3)	
2019	3.458.011.526	77.028.240.519	4,49%	Efficient
2020	1.506.865.156	20.326.378.649	7,41%	Inefficient
2021	1.222.502.823	23.590.958.790	5,18%	Efficient

Source: PT PSN (2022)

Table 3 shows that the analysis of the ratio of marketing costs in 2019 and 2020 has been efficient, which is below 7%. As for 2020, it is inefficient. The result of the inefficiency of marketing costs this year because the costs incurred to attract enders with promotional media did not generate adequate revenue. the sales department is very aggressive in cooperating but does not have a positive impact on visits or company revenue. In addition, there are some posts that do not have a budget to be the cause of the magnitude of unexpected costs for promotional activities.

The efficiency of the price policy at PT PSN can be done by reviewing the comparison of gross profit with cost of goods produced for 2019 to 2021.

Table 4 Gross Profit Margin

Year	Sales (Rp)	COGS (Rp)	Gross Profit Margin (%)	Efficient/Inefficient
2019	77.028.240.519	23.108.472.156	70,00%	Efficient
2020	20.326.378.649	5.977.628.032	70,59%	Efficient
2021	23.590.958.790	7.307.515.483	69,02%	Inefficient

Source: PT PSN (2022)

Table 4 shows that the gross profit earned by the company on the price policy in 2019 and 2020 has been efficient. As for 2021, the gross profit on the price policy obtained by the company has not been efficient. This is because the gross profit earned by the company is less than 70%. According to interviews that have been conducted, the cause of the increase in production prices is due to a significant change in the price of raw goods from suppliers and the company does not increase prices outside the tax on menus that have experienced price changes.

2. Recommendations

The recommendation that can be given is that the company prepares the target income level taking into account internal and external factors. Preparation using the guidelines two years ago or the previous year that will be compared as the basis for budgeting is sufficient, but in preparing the budget it is also necessary to consider internal and external factors so that the revenue target is not too high to be achieved and allows the company to get maximum income. Companies must also increase the use of social media and cooperate more

with parties who can support the achievement of company goals. Therefore, in carrying out promotional programs, you can use existing social media more optimally. It is better if the evaluation is carried out once a month to minimize errors or respond quickly when there are promotional activities that have not run according to the company's marketing plan.

Conclusion

Based on the results of research on management audits to assess the effectiveness and efficiency of the marketing function at PT PSN with the calculation of the ratio of income and return on marketing investment in 2019 has been running effectively, for 2020 the income ratio has not been running effectively where the income received is less than 100% or 91.8% and the return on marketing investment which was obtained effectively by 27.08 which means that the company obtained a ROMI that was greater than the company's hurdle rate and for the 2021 revenue ratio was not yet effective, where the revenue received was 96.0% and the return on marketing investment obtained was ineffective at 62.06 which means that the company obtained a ROMI that was smaller than the company's hurdle rate.

The results of the efficiency of the marketing function on the use of marketing costs and the calculation of gross profit on the price policy at PT PSN in 2019 have been running efficiently. This is because from the calculation results of the marketing cost efficiency ratio this year is less than 7% and the company's gross profit is 70% of sales. In 2020 the use of marketing costs was inefficient because its use was 7.41% while the company's gross profit was efficient or by 70.59% and for 2021 the use of marketing costs was running efficiently or by 5.18%, while for the acquisition of gross profit on sales was declared inefficient or by 69.02%. This shows that gross income on the production price policy has not been running efficiently.

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