

BUDGET ANALYSIS AND REALIZATION AS A MANAGEMENT MONITORING TOOL IN HOTEL LE GRANDE BALI

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Abstract: This study aims to determine the cause of the discrepancy between the budget and its realization at Hotel Le Grande Bali and management actions against the difference that is detrimental and exceeds the tolerance limit. This study uses quantitative research from comparative data on operational budgets and their realization, obtained by conducting interviews, documents and literature studies. The analytical technique used to calculate the difference is the difference analysis technique. The results of this research that are : 1). There is a unfavorable variance in total revenue of Rp13.392.087.488 or 20.84% caused by price and quantity, and then on the total expense occurs a favorable variance of Rp1,237,723,389 or 3,55%, which is caused by the price and / or quantity 2). There are several sections that result in a unfavorable variance that out of management tolerance limits like room revenue section and expense S&M department, so that management necessary an action on that variance. The conclusion in this study, there is a difference between the losses in total revenue and in total expenses there is a beneficial difference. Management needs to take corrective action on the difference that exceeds the management's tolerance limit, which is below or equal to 15% as in the room revenue and expense of the S & M department. So it is better if the operational budget preparer is not only based on the previous year, but also makes an estimate of the company's activities in a certain period of time in the future, so that later they can anticipate significant differences in the future.

Keywords: Budget and realization, Operational Budget, Revenues Budget, Expenses Budget, Variance Analysis, Management Monitoring.

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Introduction

Companies need to monitor the operational budget related to the company's operational activities, so that each operational activity carried out can be assessed for its performance. which is done by comparing the results of the realization with the set budget, so that management can take corrective action. if there is a difference between the realization and the budget, whether it is a profitable or a disadvantageous difference, the difference that occurs will be analyzed to find out whether the difference is still within the management's tolerance limit or not. Based on the results of the interview, it is known that there are deviations between the budget and its realization which causes the difference.

Listiyu (2016) shows that the difference between the budget and its realization can be analyzed further to find out whether the difference is still within the management's tolerance limit or not. The budget is a system that can be used as a tool in planning, monitoring, controlling and coordinating all organizational activities Amar (2022). Lidya Anantasya (2019) The budget is a plan that is systematically prepared, which includes all company activities stated in financial units and valid for a certain period of time in the future. According to Nur Fahrum (2019), the difference analysis compares standard performance with actual performance and can be carried out by divisions, departments, programs, products, regions or other units of responsibility. Fahmi (2015) supervision can be defined as a way for an organization to achieve effective and efficient performance and further support the realization of the organization's vision and mission. Mardiasmo (2016)

Realization is a process that must be realized to become a reality and real implementation so that the realization can be as expected. Nur Fahrur Annisa (2019) conducted a research entitled Budget and Realization Analysis as a Management Control Tool at the Tirta Jeneberang Regional Drinking Water Company (PDAM) Gowa Regency.

Based on the formulation of the problem, this study aims to determine what causes the budget discrepancy with its realization at Hotel Le Grande Bali and to find out the actions taken by the management of Hotel Le Grande Bali to overcome the significant adverse difference in 2021.

Method

This research uses descriptive quantitative research from comparative data on operational budgets and their realization, which is obtained by conducting interviews, documents and literature studies. The analytical technique used to calculate the difference is the difference analysis technique. This research was conducted at Hotel Le Grande Bali within a period of 3 months. The technique used in this research is the difference analysis technique. The difference analysis is done by comparing the budget and its realization, which will lead to a discrepancy. The difference obtained can be in the form of a favorable difference and an adverse difference. The following is the formula used in this study.

To calculate the difference in income:

$$SP = PS - PA$$

Information:

SP = Income Difference

PS = actual income

PA = Budgeted income

The nature of the difference, if:

PS > PA, then SP is favorable

PS < PA, then SP is unfavorable

To calculate the cost difference:

$$SB = BS - BA$$

Information:

SB = Cost Difference

BS = actual cost

BA = Budgeted costs

The nature of the difference, if:

BS > BA, then SB is unfavorable

BS < BA, then SB is favorable

The price difference can be calculated as follows:

$$SH = (Hak - HA) \times Kak$$

Information:

SH = Price difference

Hak = Actual Price

HA = Budget Price

Sis = Actual Quantity

The quantity difference can be calculated as follows:

$$SK = (Kak - KA) \times HA$$

Information:

SK = Quantity Difference

Kak = Actual Quantity

KA = Budget Quantity

HA = Budget Price

Result and Discussion

1. Calculation of Difference between Operational Budget and Realization 2021

Table 1. Budget and Revenue Realization 2021

Information	Realization (Rp)	Budget (Rp)	Selisih		Penyebab Selisih
			Rupiah	%	
Revenue:					
Rooms	35.418.980.000	48.842.590.000	-13.423.610.000	-27,48%	Harga dan Kuantitas
Food and Beverage	13.698.421.227	13.589.453.181	108.968.046	0,80%	Harga
Laundry	230.718.000	233.367.000	-2.649.000	-1,14%	Kuantitas
Spa & Health Club	1.000.543.586	1.046.445.214	-45.901.628	-4,39%	Kuantitas
Telephone Revenue	166.909	173.074	-6.165	-3,56%	Harga dan Kuantitas
Other Income	506.828.778	535.717.519	-28.888.741	-5,39%	Harga dan Kuantitas
Total Revenue	50.855.658.500	64.247.745.988	-13.392.087.488	-20,84%	

Source: Data processed (2022)

Table 2. Budget and Expense Realization 2021

Description	Realization (Rp)	Budget (Rp)	Selisih		Penyebab Selisih
			Rupiah	%	
Expenses:					
Cost Of Goods Sold:					
Cost of Food	3.688.317.749	3.661.758.890	-26.558.859	-0,73%	Harga
Cost of Beverage	421.208.619	415.077.064	-6.131.555	-1,48%	Harga
Cost of Sales Spa	150.707.454	157.737.479	7.030.025	4,46%	Harga dan Kuantitas
Cost of Tobacco	14.242.316	15.925.000	1.682.684	10,57%	Harga dan Kuantitas
Total COGS	4.274.476.138	4.250.498.433	-23.977.705	-0,56%	
Labor & Benefit Expense:					
Labor & Benefit Dept Room	2.775.827.282	2.920.772.670	144.945.388	4,96%	Harga dan Kuantitas
Labor & Benefit Dept F & B	2.409.589.002	2.570.087.305	160.498.303	6,24%	Harga dan Kuantitas
Labor & Benefit Dept Spa	230.312.614	276.414.489	46.101.875	16,68%	Harga dan Kuantitas
Total Labor & Benefit	5.415.728.898	5.767.274.464	351.545.566	6,10%	
Other Expenses:					
Expense Dept. Room	5.374.445.870	6.095.815.381	721.369.511	11,83%	Harga dan Kuantitas
Expense Dept. F & B	946.417.623	897.170.287	-49.247.336	-5,49%	Harga dan Kuantitas
Expense Dept. Spa	129.990.606	141.949.919	11.959.313	8,43%	Harga dan Kuantitas
Total Other Expense	6.450.854.099	7.134.935.587	684.081.488	9,59%	
Overhead Department :					
Labor & Benefit Expense:					
Labor & Benefit Dept A & G	2.619.196.189	2.758.117.231	138.921.042	5,04%	Harga dan Kuantitas
Labor & Benefit Dept S & M	1.074.176.838	1.198.534.657	124.357.819	10,38%	Harga dan Kuantitas
Labor & Benefit Dept R & M	899.499.897	902.315.576	2.815.679	0,31%	Harga
Total Labor & Benefit	4.592.872.924	4.858.967.464	266.094.540	5,48%	
Other Expenses:					
Expense Dept. A & G	1.921.947.668	1.947.530.777	25.583.109	1,31%	Harga dan Kuantitas
Expense Dept. S & M	457.630.530	389.040.819	-68.589.711	-17,63%	Harga dan Kuantitas
Expense Dept. R & M	9.649.557.975	9.652.544.077	2.986.102	0,03%	Harga dan Kuantitas
Total Other Expense	12.029.136.173	11.989.115.673	-40.020.500	-0,33%	
Total Overhead Department	16.622.009.097	16.848.083.137	226.074.040	1,34%	
Fixed Cost :					
Biaya Penyusutan	868.304.309	868.304.309		0,00%	
Total Fixed Cost	868.304.309	868.304.309		0,00%	
Total Expenses	33.631.372.540	34.869.095.929	1.237.723.389	3,55%	

Source: Data processed (2022)

2. Management Monitoring

Table 3. Comparison of Result Difference with Management Tolerance Limit

Description	Selisih		Keterangan	Tindakan Korektif
	Rupiah	%		
Revenue:				
Rooms	-13.423.610.000	-27,48%	Unfavorable	Perlu
Food and Beverage	108.968.046	0,80%	Favorable	Tidak Perlu
Spa & Health Club	-45.901.628	-4,39%	Unfavorable	Tidak Perlu
Telephone Revenue	-6.165	-3,56%	Unfavorable	Tidak Perlu
Other Income	-28.888.741	-5,39%	Unfavorable	Tidak Perlu
Total Revenue	-13.392.087.488	-20,84%	Unfavorable	Perlu
Expenses:				
Cost Of Goods Sold:				
Cost of Food	-26.558.859	-0,73%	Unfavorable	Tidak Perlu
Cost of Beverage	-6.131.555	-1,48%	Unfavorable	Tidak Perlu
Cost of Sales Spa	7.030.025	4,46%	Favorable	Tidak Perlu
Cost of Tobacco	1.682.684	10,57%	Favorable	Tidak Perlu
Total COGS	-23.977.705	-0,56%	Favorable	Tidak Perlu
Labor & Benefit Expense:				
Labor & Benefit Dept Room	144.945.388	4,96%	Favorable	Tidak Perlu
Labor & Benefit Dept F & B	160.498.303	6,24%	Favorable	Tidak Perlu
Labor & Benefit Dept Spa	46.101.875	16,68%	Favorable	Tidak Perlu
Total Labor & Benefit	351.545.566	6,10%	Favorable	Tidak Perlu
Other Expenses:				
Expense Dept. Room	721.369.511	11,83%	Favorable	Tidak Perlu
Expense Dept. F & B	-49.247.336	-5,49%	Unfavorable	Tidak Perlu
Expense Dept. Spa	11.959.313	8,43%	Favorable	Tidak Perlu
Total Other Expense	684.081.488	9,59%	Favorable	Tidak Perlu
Overhead Department :				
Labor & Benefit Expense:				
Labor & Benefit Dept A & G	138.921.042	5,04%	Favorable	Tidak Perlu
Labor & Benefit Dept S & M	124.357.819	10,38%	Favorable	Tidak Perlu
Labor & Benefit Dept R & M	2.815.679	0,31%	Favorable	Tidak Perlu
Total Labor & Benefit	266.094.540	5,48%	Favorable	Tidak Perlu
Other Expenses:				
Expense Dept. A & G	25.583.109	1,31%	Favorable	Tidak Perlu
Expense Dept. S & M	-68.589.711	-17,63%	Unfavorable	Perlu
Expense Dept. R & M	2.986.102	0,03%	Favorable	Tidak Perlu
Total Other Expense	-40.020.500	-0,33%	Unfavorable	Tidak Perlu
Total Overhead Department	226.074.040	1,34%	Favorable	Tidak Perlu
Fixed Cost :				
Biaya Penyusutan	0	0,00%		
Total Fixed Cost	0	0,00%		
Total Expenses	1.237.723.389	3,55%	Favorable	Tidak Perlu
Operating Profit (Loss)	-12.154.364.100	-41,37%	Unfavorable	Perlu

Source: Data processed (2022)

Discussion

1. Causes of Difference between Operational Budget and Realization

Revenue

- a. In Room Revenue there is an adverse difference of 27.48% due to the price offered is still too high from the price offered by competitors, and in terms of quantity it has decreased due to the lack of guests staying, in addition to the Covid 19 factor.
- b. Food & Beverage Revenue there is a profitable difference of 0.80% due to an increase in the selling price from the budgeted price.
- c. Laundry revenue has an adverse difference of 1.14%, caused by quantity, due to a decrease in the number of guests.
- d. Spa & Health Club Revenue there is an adverse difference of 4.39% due to quantity, due to a decrease in the number of guests and lack of promotion regarding the types of Spa treatments.
- e. Telephone Revenue revenue has a negative difference of 3.56% due to price and quantity. Because guests prefer to use their personal Handphone.
- f. Other Income Income there is a disadvantageous difference of 5.39%, the difference comes from tobacco revenue, bank interest, and guest transportation.

So that in 2021 there will be an adverse difference in total revenue of 20,84%.

Expense

- a. In the total Cost Of Goods Sold there is a loss of 0.56%, which consists of:
 - 1) Cost of food there is an adverse difference of 0.73%, caused by high prices for raw materials.
 - 2) In the cost of beverage, there is an adverse difference of 1.48%, caused by high raw material prices and changes in market prices.
 - 3) In the cost of sales spa there is a profitable difference of 4.46%, caused by price and quantity due to the decline in hotel room occupancy.
 - 4) At the cost of tobacco there is a profit difference of 10.57% due to the purchase price of Tobacco and the decreasing quantity because guests have different tastes.
- b. In the labor & benefit expense group there is a profitable difference of 6.10%, which consists of:
 - 1) In the labor & benefit room department there is a profit difference of 4.96% due to price and quantity due to a reduction in employees.
 - 2) In the labor & benefit F & B department there is a profit difference of 6.24% due to price and quantity due to a reduction in employees.
 - 3) In the Labor & Benefit Spa department, there is a profit difference of 16.68% due to price and quantity due to a reduction in employees.
- c. In the other expense group there is a profit difference of 9.59%, which consists of:
 - 1) In the overall room department expenses there is a favorable profit difference of 11.83% due to price and quantity.
 - 2) In the total cost of the F & B department, the negative difference is 5.49% due to price and quantity.
 - 3) In the expenditure of the spa department as a whole there is a profitable difference of 8.43% due to price and quantity.
- d. Overhead department is a department that does not generate revenue which is grouped into two parts, namely:
 - 1) Labor & Benefit Expense there is a profit difference of 5.48%, which consists of:
 - a) In the labor & benefit A&G department, there is a profit difference of 5.04% due to price and quantity due to a reduction in employees.
 - b) In the labor & benefit S&M department there is a profit difference of 10.38% due to price and quantity due to a reduction in employees.
 - c) In the labor & benefit R&M department there is a profit difference of 0.31% due to price.
 - 2) Other Expense there is an adverse difference of 0.33%, which consists of:
 - a) In the expense of the A&G department as a whole there is a favorable difference of 1.31% due to price and quantity.

- b) In the expense of the S&M department as a whole, there was an adverse difference of 17.63% due to price and quantity.
- c) In the overall expense of the R&M department there is a favorable difference of 0.03% due to price and quantity.

So that in 2021 there will be a Profitable difference in the total Expense of 3.55%.

2. Management Actions Against Differences That Exceed Management Tolerance Limits

Based on the comparison table of the results of the difference with the management tolerance limit, there is a detrimental difference. In total Room Revenue of 27.48%, corrective actions were carried out by determining the selling price of the room, considering the selling price, conducting promotions and collaborating with travel parties. There was an adverse difference in the Expense R&M Department of 17.63% in the ventilation, and A/C equipment corrective actions carried out by considering the budgeting for costs deemed necessary such as equipment and checking beforehand so as to estimate the quantity of equipment that needs to be replaced or repaired.

Conclusion

After calculating and finding the cause, in total revenue there is a loss of 20.84% caused by price and quantity, in total expenses there is a profitable difference of 3.55% caused by price and quantity. There are several parts that result in adverse differences or exceed the management's tolerance limit, so that corrective action is needed by the management. As for the management action on the difference that occurs in room revenue, namely in determining the selling price of the room, it should be very important to consider the selling price set by competing hotels that provide the same facilities and services, so that prices are able to compete with surrounding hotels, as well as in other parts which are mostly due to by the price and/or quantity of the corrective action, namely before setting the price in the cost budget. The implication of this research is that the results of this study are used as input for the management of Hotel Le Grande Bali so that in the future they can make estimates or estimates about the company's operational activities within a certain period of time so that they can anticipate the difference between realization and budget in the future.

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