



Analysis of Production Cost Control in Increasing Profits at PT. Semen Bosowa Maros

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ABSTRACT

This study aims to determine the cost control of profits. This research was conducted on PT. Semen Bosowa Maros as the object of research. This research focused on countaining production cost relating to profit by PT. Semen Bosowa Maros in 2013 to 2016. In controlling the cost of production of PT. Semen Bosowa Maros using the budget as a means of cost control. With the budget, the cost amount can be planned before implementing production activity. The budget in PT. Semen Bosowa Maros has been function properly because the amount of budget is based on a standard number that has been carefully calculated and serves as an efficiency assessment tool where the standar number that are used are indeed effective so that exceeds or is less than considered waste or saving. The results of this study indicate PT. Semen Bosowa Maros uses the budget as a cost control tool. In the presence of a budget, cost can be controlled and cost saving are made, but the main goal of the company to obtain maximum profit can still be achieved.

Keywords: Cost Control; Budget; Profit.

INTRODUCTION

The development of the globalization era that is increasingly widespread in the economic world is marked by the emergence of new companies in various business fields (Light et al., 2019; Souisa et al., 2019). The development of the business world has resulted in many companies competing with each other, especially in businesses that produce similar products. With this competition, companies are required to be able to face the existing competition so that companies are expected to have policies and strategies to be able to maintain and improve their business (Hasyim & Sahade, 2019; Sahade, 2020; Sahade et al., 2020). One strategy that must be carried out by the company is to increase profit. To be able to increase profits, there are two important things that the company must pay attention to, namely, increasing the number of sales and reducing the costs to be incurred by the company, which in this case is the cost of production.

Companies in selling products are strongly influenced by the availability of their products (A Ngampo & Sahade, 2020; Nurjannah et al., 2020; Rahmatullah et al., 2020). The company's ability to produce products in the amount that is needed will encourage the efficiency and effectiveness of company management. Producing goods in smaller quantities than needed can result in the smooth running of the company's activities. Producing goods in quantities greater than sales needs, resulting in too large of idle funds stored in inventory, as well as increasing the risk of damage to inventory. Producing goods in the same amount as the number of sales, resulting in the risk faced by the company in ensuring smooth sales in the next period is too big. Therefore, companies must be able to produce goods according to their needs, by controlling production costs, so that their operational activities can run well and efficiently.

According to (Sahade & Adi, 2021) the purpose of production control is to plan and control the flow of materials into, outside, and outside the factory so that the optimal profit position which is the company's goal can be achieved. Production control is intended to utilize limited production resources effectively, especially in an effort to meet consumer demand and create profits for the company (Aras et al., 2017; Bolton & Mattila, 2015; Carolan, 2021; Kimenju & De Groote, 2008; Russell et al., 2016; Xia & Roggeveen, 2020). What is meant by resources include production facilities, labor, and raw materials.

"An effective production cost control can be implemented with good production cost planning. One form of planning is to prepare a budget" (Agustin & Arza, 2019; Asa & Sari, 2019; Stone et al., 2015). Therefore, the role of the production cost budget for the company is very important as an initial form of company planning which is not only considered as a support for the company's operational activities but is also used as a benchmark in achieving the success of the businesses that have been outlined previously.

The cement industry has become one of the backbones of the Indonesian economy. The government's commitment to carry out large-scale infrastructure development coupled with the continued increase in people's needs for housing, can make Indonesia one of the largest construction markets in the world so that the demand for the domestic cement market is expected to continue to increase. In order to keep up with the high demand for cement for decades to come, the Bosowa Semen Group carries out integrated business activities. Bosowa Semen mining raw materials, cement production, to provide logistics, as well as ready mix to meet market needs throughout Indonesia.

METHOD

The variable used in this study is the control of production costs which is an independent variable or is symbolized by X and profit which is the dependent variable symbolized by Y. The research method used in designing this research is descriptive research, which describes or describes the budget issued by PT. . Bosowa Maros Cement. The research design that will be used in this study are descriptive and quantitative designs.

The variable used in this research is the control of production costs which is measured by the difference between the budget and the realization which is expressed in units of rupiah (Rp). Meanwhile, profit is measured by subtracting the income earned by the company with the costs that have been incurred and the result is determined in units of rupiah (Rp).

The population in this study is the budget report and the realization of production costs and profit and loss reports at PT. Semen Bosowa Maros 2013-2016. The samples taken in this study are data on budget reports and the realization of production costs and profit and loss

statements of PT. Semen Bosowa Maros from 2013-2016. The data collection technique used in this research is by means of documentation, namely the method of collecting by reviewing and studying documents.

The data analysis technique that will be used in this research is the analysis of the difference or variance, namely by comparing the budget made by the company with its realization. So that it can be seen the effectiveness and efficiency of the use of the production cost budget that can affect the company's profit level.

RESULTS AND DISCUSSION

Currently, the production and marketing of cement is Bosowa's main business. With the production capacity of PT. Semen Bosowa Maros which reaches 4 million tons of cement clinker per year and 4.2 million tons of cement per year. The Bosowa Semen Group is the fourth largest cement group in Indonesia and the only national private cement company in Eastern Indonesia, the fastest growing region in Indonesia. The following are budget data and realization of production costs at PT. Semen Bosowa Maros from 2010-2012.

Table 1. Budget Data and Actual Production Costs at PT. Bosowa Maros Cement 2010-2012

Years	Budget	Realization	Difference	Profit
2010	Rp. 840.318.161.495	Rp.630.238.621.121	Rp. 210.079.540.374	Rp. 65.677.917.407
2011	Rp. 841.756.029.245	Rp.589.229.220.472	Rp. 252.526.808.773	Rp. 42.858.367.021
2012	Rp.1.062.903.353.583	Rp.829.064.615.795	Rp. 233.838.737.788	Rp. 22.880.031.300

Source: PT. Semen Bosowa Maros (data processed), 2013

Based on table 1, the budget and realization of production costs in the last three years, namely 2010-2012, it appears that the production costs incurred by PT. Semen Bosowa Maros looks efficient. As seen in 2010 to 2012, the company was able to realize production costs below the production cost budget value set by the company. This is good for the Bosowa Semen company because they are able to reduce production costs so as to produce profitable variants. However, Bosowa Semen's profit for the last three years looks insignificant, where every year it has decreased by almost 50 percent. For this reason, it is necessary to analyze the causes of the decrease in profit every year, where from the table above the realization of the production cost budget appears to be effective while the profit earned is always reduced. It is necessary to know whether there are deviations in its implementation and if there are, corrective actions need to be taken.

In a previous study by Andi Ika (2016) regarding "analysis of operating cost control on profit" stated that operational costs have a positive effect on profits if they carry out their production functions well. Another research by Rihsan (2017) about "analysis of the project budget as a cost control tool in contracting companies". The results of his research stated that in order for the budget to function properly as a control tool, the budgeting should be done quite realistically and take into account all aspects carefully.

The number of realized production costs is smaller than the previously budgeted production costs or in other words there is a favorable difference. Meanwhile, the realization of the total profit of PT. Semen Bosowa Maros from 2013 to 2016 experienced a loss every year. This means that the company PT Semen Bosowa Maros is able to control production costs while not being able to control other business costs, be it operating expenses or non-business expenses, which causes the company to suffer losses every year. So that PT. Semen Bosowa Maros in addition to controlling production costs must also be able to control costs that will affect the size of the company's profit to overcome recurring losses in the following year.

From the results of research and discussion of production cost control analysis for the last four years, from 2013 to 2016 it is known that production cost control has a negative effect on increasing profits, namely the greater the costs incurred the smaller the profit generated by the company, and the smaller the costs incurred by the company the greater the profit to be earned by the company. Thus, the hypothesis of this study is declared accepted.

CONCLUSION

PT. Semen Bosowa Maros carries out cost control by setting a budget before carrying out its business activities, in this case the production cost budget. So that the set budget is functioned as a cost control tool. In preparing the budget, PT. Semen Bosowa Maros uses data and cost information from the previous year's experience. From the results of the overall production cost control analysis for the last 4 years (2013-2016) there are favorable deviations, which indicates that in the company PT. Semen Bosowa Maros has done well in controlling production costs. PT. Even though Semen Bosowa is able to control production costs well, it has not been able to take advantage of rising costs properly to get a larger profit margin. PT. Semen Bosowa Maros has made a lot of efficiency in terms of production costs. This can be seen from the total cost comparison during 2013 to 2016 PT. Semen Bosowa Maros always shows a realization that is smaller than the budget that has been provided, however the conclusion regarding the existence of cost control has not resulted in optimal profit.

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