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Original Research Article

Proposed Application of the use of Activity-based Budgeting (ABB) Method for Cost Control of Daily and Casual Workers (A Case Study at PT XYZ)

Mohamad Nur Amin[1*], Nengzih Nengzih[2]

Accounting Study Program, Faculty of Economics and Business, Universitas Mercu Buana, Jakarta, Indonesia

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***Corresponding author:** Mohamad Nur Amin

Abstract

This study aimed to determine the proposed application of the use of the Activity-Based Budgeting (ABB) method for cost control of daily and casual workers (a case study at PT. XYZ). Previous studies showed that ABB can provide more accurate information about activities, activity costs, work process time, number of human resources required, total employee costs, and project profit/loss. It can be concluded that the Activity-Based Budgeting (ABB) model can meet the needs of the IT Enterprise budgeting model. This study took the population and samples from functional managers and senior/junior staff in a manufacturing company at PT XYZ. The results of this study indicate that the Activity-Based Budgeting method can detail information related to cost control of daily and casual workers required, making the Activity-Based Budgeting (ABB) calculation method to be considered capable and can meet budgeting needs related to cost control of daily and casual workers.

Keywords: ABB, Activity-Based Budgeting,, Application, Daily Worker, Casual Worker.

INTRODUCTION

Most of the business organizations operating around the world use budgets as the basis for using the company's operations. According to Pietrzak (2013), companies in developed countries use very high operating budget (above 90%), with figures as high as 98 percent in Australia (Chenhall and Smith, 1998), 99% in Japan (Wijewardena and Zoysa, 1999), 94% in Greece (Angelakis *et al*., 2010), and almost 100% in Finland (Hyvönen, 2005). The numbers are similar or somewhat lower in emerging countries, with 94% in Turkey (Yalcin, 2012) and 98% in India (Joshi, 2001). These results, however, are highly dependent on the period of data collection and sample selection, including the size of the company.

This is also experienced by service companies or providers of lodging and hotel services. Along with the growth and development of tourism in Indonesia in particular, the business opportunities for accommodation or hospitality are also rising and increasing. In order to improve and develop, lodging or hotel service providers, such as inn or hotel management, will be required to deliver optimal and maximum profits in their management. The growth of the hotel or lodging service provider business brings both opportunities and risks, compelling management to evaluate the causes of the rise and fall of hotel room occupancy rates (OCC) in Indonesia, the comfort in each inn or hotel, and the availability of facilities required by each visitor so that business people can understand and implement the appropriate strategy in running a hotel business. This is supported by data of the Ministry of Tourism and Creative Economy/Tourism and Creative Economy Agency of the Republic of Indonesia (Kemenparekraf) from 2018 to 2020 related to statistics on the room occupancy rate of the star hotel, which shows that the hotel room occupancy rate (OCC) has declined. This is illustrated in the diagram below:

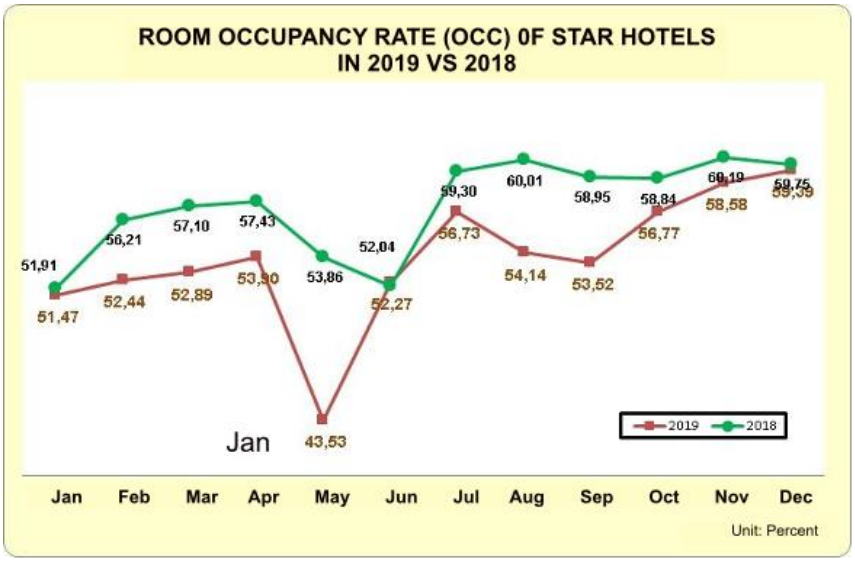

Fig-1.1: Star Hotel OCC in 2018-2019

The figure above shows that the Room Occupancy Rate (OCC) for star hotels in Indonesia in December 2019 reached an average of 59.39% or decreased by 0.36 points compared to the previous OCC in December 2018 of 59.75%. The highest Room Occupancy Rate (OCC) was recorded in DI Yogyakarta Province at 72.43%, followed by Lampung Province at 69.51%, and Bengkulu Province at 67.97%. Meanwhile, the lowest OCC was recorded in Bangka Belitung Province at 39.08%. Next, Figure 1.2. shows the comparison of the Room Occupancy Rate (OCC) between 2019 and 2020 as follows:

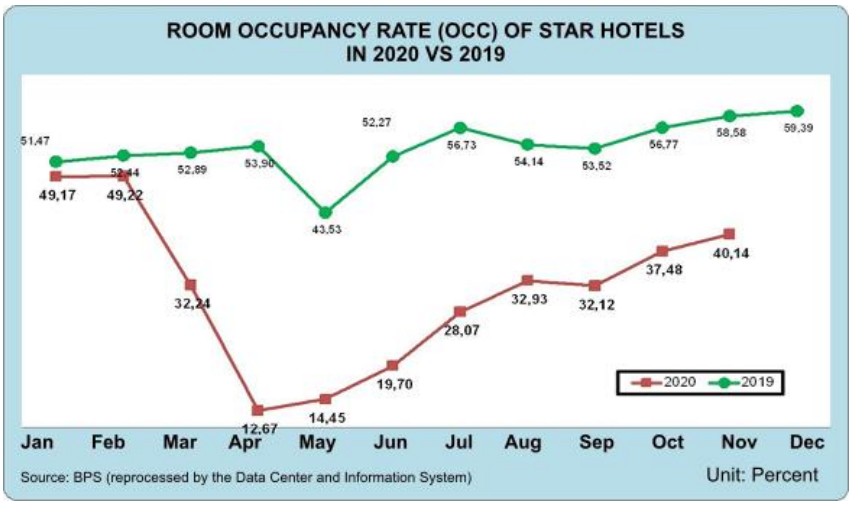

Fig-1.2: Star Hotel OCC in 2019-2020

Figure 1.2 shows that the Room Occupancy Rate (OCC) of star hotels in Indonesia in December 2020 reached an average of 40.79% or decreased by 18.60 points compared to that of 59.39% in December 2019. Meanwhile, when compared to the Room Occupancy Rate (OCC) of 40.14 percent in November 2020, that was increased by 0.65 points in December 2020. Therefore, Figures 1.1 and 1.2, indicate that the Room Occupancy Rate (OCC) in 2018, 2019, and 2020 was 59.75%, 59.39%, and 40.79%, respectively. This shows that the Room Occupancy Rate (OCC) from 2018 to 2020 experienced a significant decline, compelling management to evaluate its declining trend. The cause may be due to several aspects, such as the lack of availability and convenience of facilities resulting in dissatisfaction of the visitors. The availability and convenience of these facilities may be due to management's lack of precision in budgeting, resulting in facilities that are nonetheless inadequate for customers. This indicates that the management needs to evaluate its performance so that it can provide satisfying service. Activity-Based Budgeting (ABB) allows a company to predict changes in the demand for resources from a project in order to achieve efficiency and changes in the volume or amount of work. Starting in the 1990s in the United States, experiments have been carried out to find strategies to overcome the limitations of the conventional budget system because

traditional cost accounting is no longer suitable for use in companies with very tight competition. This is because the information generated by traditional cost accounting is no longer accurate in assigning costs. As a result of this inaccuracy in decision-making, the products/services delivered are over costing or under costing. Activity-Based Budgeting (ABB) is the process of planning and controlling activities that are estimated to produce cost-effectiveness on the budget, which is in accordance with the workload forecast and the strategic objectives determined.

2. LITERATUR REVIEW

The budget system is a set of financial relationships between the state, legal, and physical bodies that are concerned with the formation and use of centralized monetary funds, budgets, methods, development approaches, and performance, as well as law enforcement agencies. All aspects of the budget are assigned, function, and interrelate to form a single mechanism known as the budget system. The fundamental issue with operating budgets is finance, which entails increasing budget revenue and reducing expenditures. Budgets have negative and positive impacts early on because if the company has a budget, of course, company managers are more likely to take actions to avoid impacts or problems that will occur in the future. Although it cannot be totally prevented, it can be minimized to the greatest extent possible.

Activity-Based Budgeting (ABB) is an activity budget (activity budgeting), which is a quantitative statement of the organization's anticipated activities, which reflects management's forecasts of workload and financial and non-financial requirements, to match agreed strategic objectives and adjustments in order to improve performance (Adisaputro and Anggraini, 2011:349). According to Huynh (2013: 184), Activity Based Budgeting (ABB) focuses on the process, providing guidance to managers on how to accomplish the desired objectives. According to Blocher, *et al.*, (2013: 67), identifying major/main costs and cost controllers within a company or organization is a significant step in gaining a competitive advantage**.** (Blocher, *et al.*, 2013:67).

This is supported by several research results, such as those conducted by Oneshko (2016), Pazarceviren (2015), Santiasih and Nengzih (2015), Jahandari (2013), Ayu (2012), Nur (2011), Ramune (2010), Hilman (2004) that the Activity-Based Budgeting (ABB) method is more appropriate and can answer the needs and expectations of the company. Activity-Based Budgeting (ABB) provides data information for trend analysis, estimation, and modeling with *what if* scenarios. It also uses a flexible budget by considering several factors to estimate production units and provides a comprehensible forecast of current costs and resources required by the company. When Activity-Based Budgeting (ABB) is implemented, the root causes of problems can be identified. Therefore, it can be used as a response process and cost-efficiency.

The costs incurred are influenced by several factors that can ultimately affect changes in total costs, which are referred to as cost drivers. This cost is also known as a cost object, which can be in the form of products, services, activities, and daily workers. In the hotel sector, the terms Daily Worker (DW) or Casual Worker (CW) are widely used. According to Widodo (2016: 43), Daily Worker (DW) is an employee who is paid daily according to the manpower needs to do the job. In performing hotel operational activities to improve quality, manpower is required, for example when the demand for room occupancy increases. In this case, the role of the daily worker (DW) is commonly needed.

With the employment of daily workers (DW), the company needs to determine the budget that will be issued when using the daily worker (DW) in its operation. At the XYZ hotel located in Bekasi, the cost related to Daily Workers (DW) is not monitored so that it is incurred for daily workers (DW) who do not implement the activity-based budget. Currently, the implemented budgeting system is incremental budgeting where the company does budgeting based on the experience of the previous year. However, in the case of over-budgeting, the company has problems in finding the root of the problem because all elements of activities related to budgeting are not shown in detail.

Considering that the company of PT XYZ has been using the Incremental Budgeting approach in preparing the budget, therefore this research will propose the application of the Activity-Based Budgeting Method for Cost Control of Daily and Casual Workers (A Case Study at PT XYZ) which displays each element of activities related to budgeting with more detail. Therefore, this study is expected to assist in controlling the company's management and achieving good financial planning for the company.

3. RESEARCH METHOD

The analytical method used in this study was taxonomic analysis, which describes the selected domains in more detail to find out the internal structure through more focused observations (Emzir, 2017:165). This study focuses on two analyzes, including budgeting analysis based on the incremental budgeting approach and the activity-based budgeting approach, which are described as follows:

1) Incremental budgeting approach analysis
a) Cost planning of daily/casual workers for events held in 2020 based on the cost of similar work in the previous year.
b) Evaluation of the incremental budgeting approach.

2) Activity-based budgeting approach analysis

a) Estimated amount of planned income or sales from daily/casual workers obtained in 2020.

b) Breakdown of all activities related to operational work based on occupancy rates and event meetings, together with the estimated work process time for each of these activities. Each process has its activity details related to daily/casual workers.

c) Calculating the cost of resources for each major activity related to the completion of frits. Therefore, the costs for each planned activity to be carried out can be presented clearly.

d) After obtaining costs for each activity, these costs are allocated into service/output costs. Therefore, the required amount of fees is obtained at the costs of daily/casual workers.

e) Inventory of all available resources related to daily/casual workers. Each resource is arranged based on the unit and the basic cost of each resource.

f) Estimated number of resources required for each main activity.

g) Execution of resource capacity settings that is not required in work process activities.

h) Evaluation of hourly capacity costs for each activity, so that resource costs can be calculated for the coming period.

3) Minimize the shortcomings of the incremental budgeting method through the use of the proposed activity-based budgeting model.

4. RESEARCH RESULTS AND ANALYSIS

There is a difference between the effective working hours and the working hours required for each activity in order to complete the event work process. This difference also results in a difference in determining the cost of resources. This cost difference allows company leaders to consider it when making management decisions regarding employee costs for the future period, as well as decisions on policies in tackling the issue of overcapacity. The calculation is as follow:

Table-4.1: Calculation

No	Position	Number of Emplo-yees (People)	Average Monthly Income (IDR)	Average Monthly Income (IDR)	Cost of Resources Based on Company's Effective Working Hours		Cost of Resources Based on Required Working Hours		*Capacity Used*	Status
					Capacity of Effective Time-Work (Hour)	Cost of Resources Per Hour (IDR)	*Capacity of Time-Work Required (Hour)*	Cost of Resources Per Hour (IDR)		
Multi-functional employees										
1	*Business Manager*	1	20.000.000	240.000.000	1.486	103.437	1.100	139.734	74,02%	*under capacity*
2	*Accounting & Finance*	9	48.612.610	583.351.323	1.486	93.370	525	264.281	35,33%	*under capacity*
3	*Housekeeper*	11	55.181.931	662.183.169	1.486	51.208	550	138.356	37,01%	*under capacity*
4	*Front Office*	8	44.954.908	539.458.894	1.486	34.669	770	66.908	51,82%	*under capacity*
5	*Human Resources Deparment*	1	8.000.000	96.000.000	1.486	30.712	556	82.082	37,42%	*under capacity*
6	*Sales Marketing*	6	39.600.000	475.200.000	1.486	29.823	500	88.635	33,65%	*under capacity*
7	*Staff Umum dan Administrasi*	1	7.000.000	84.000.000	1.486	30.173	514	87.232	34,59%	*under capacity*
Employees who are directly related to the production process (main team, existing)										
1	*FBM*	1	12.500.000	150.000.000	1.486	82.493	1.902	64.451	127,99%	*over capacity*
2	*Executive Chef*	1	15.300.000	183.600.000	1.486	34.610	1.645	31.265	110,70%	*over capacity*
3	*Supervisor*	1	53.273.045	639.276.540	1.486	41.031	1.610	37.871	108,34%	*over capacity*
Employees who are directly related to the production process (supporting team, additional)										
1	*Casual /daily worker Kitchen*	18	3.380.000	40.560.000	2.972	15.210	3.290	13.740	110,70%	*over capacity*
2	*Casual /daily worker FB*	18	3.380.000	40.560.000	2.972	21.680	3.220	20.010	108,34%	*over capacity*
3	*Casual /daily worker Housekeeping*	8	3.380.000	40.560.000	1.486	72.929	1.610	67.312	108,34%	*over capacity*
Total Employee Cost			**314.562.494**	**3.774.749.926**						

Table 4.1 shows a change in the cost of resources per hour following adjustment to working hours based on the processing time required by each employee in completing each activity in the event work process. Some employees have less working time compared to the company's effective working hours, so it can be said that there is an ineffective use of employee costs. In addition, some employees have more work processing time than the company's effective working hours so it can be said that these employees earn income that is not in accordance with their working hours.

Table-4.2: Calculation

No	Position	Number of Emplo-yees (People)	Main Activities					Total Cost of Product/Output (IDR)
			Price Offering (IDR)	BEO (IDR)	Adjustment of Resources (IDR)	Documents (IDR)	Production Process (IDR)	
Multi-functional employees								
1	*Business Manager*	1	79.646.524	5.171.852	-	28.962.372	-	113.780.748
2	*Accounting & Finance*	9	2.334.244	-	-	46.684.874	-	49.019.118
3	*Housekeeper*	11	-	-	28.164.582	-	-	28.164.582
4	*Front Office*	8	24.268.613	-	-	2.426.861	-	26.695.474
5	*Human Resources Deparment*	1	-	-	-	17.075.653	-	17.075.653
6	*Sales Marketing*	6	-	-	-	14.911.657	-	14.911.657
7	*Staff Umum dan Administrasi*	1	-	-	-	15.509.049	-	15.509.049
Employees who are directly related to the production process (main team, existing)								
1	*FBM*	1	-	-	989.919	23.098.121	132.814.195	156.902.235
2	*Executive Chef*	1	-	346.101	-	1.211.353	55.722.258	57.279.712
3	*Supervisor*	1	-	-	-	-	66.059.517	66.059.517
Employees who are directly related to the production process (supporting team, additional)								
1	*Casual /daily worker Kitchen*	2	-	-	-	-	24.488.330	24.488.330
2	*Casual /daily worker FB*	2	-	-	-	-	34.904.181	34.904.181
3	*Casual /daily worker Housekeeping*	1	-	-	-	-	117.415.942	117.415.942
Total Employee Cost			**106.249.381**	**5.517.953**	**29.154.501**	**149.879.940**	**431.404.423**	**722.206.198**

After calculating the allocation of human resource capacity requirements, the next step for the next period is to prepare a model for the employee cost budget for the coming period. Calculation of the employee cost budget for the coming period will be made in two types of tables, including a table with the calculation of the total employee cost budget assuming that the company adds new employees, and a table assuming that the company only adds allowances for employees who are over capacity. The two tables are shown as follows:

Table-4.3: Calculation

No	Position	Number of Emplo-yees (People)	Basic Salary Per Month (IDR)	20% Salary Increase (IDR)	Allowance Per Month (IDR)	Additional Allowance (IDR)	Overtime Pay (IDR)	Sales Commission (IDR)	Production Incentives (IDR)	Salary Per Month (IDR)	Holiday Allowance (IDR)	Annual Bonus (IDR)	Total Average Salary Per Month (IDR)	Total Annual Salary (IDR)	Capacity of Time-Work (Hour)	Capacity of Time-Work Required (Hour)	Capacity Used (Hour)	Number of Current Emplo-yees (People)	Allocation of Additional New Employee (People)	Number of Reduction of Old Employees (People)	Basic Annual Salary of New Employees (IDR)	Total Employee Cost Reduction (IDR)	Total Employee Cost Budget for the Coming Period (IDR)
Multi-functional Employees																							
1	*Business Manager*	1	20.000.000	4.000.000	900.000	400.000		-	-	25.300.000	13.240.000	13.240.000	27.506.667	330.080.000	1.486	1.100	74,02%	1	-	-	-	-	330.080.000
2	*Accounting & Finance*	9	48.612.610	9.722.522	850.000	400.000		-	-	59.585.132	11.930.000	11.930.000	61.573.466	738.881.588	1.486	525	35,33%	1	-	-	-	-	738.881.588
3	*Housekeeper*	11	55.181.931	11.036.386	412.500	200.000		-	-	66.830.817	6.612.500	6.612.500	67.932.900	815.194.803	1.486	550	37,01%	1	-	-	-	-	815.194.803
4	*Front Office*	8	44.954.908	8.990.982	-	-		720.000	-	54.665.889	4.320.000	4.320.000	55.385.889	664.630.673	1.486	770	51,82%	1	-	-	-	-	664.630.673
5	*Human Resources Deparment*	1	8.000.000	1.600.000	-	-		-	-	9.600.000	4.080.000	4.080.000	10.280.000	123.360.000	1.486	556	37,42%	1	-	-	-	-	123.360.000
6	*Sales Marketing*	6	39.600.000	7.920.000	-	-		-	-	47.520.000	4.032.000	4.032.000	48.192.000	578.304.000	1.486	500	33,65%	1	-	-	-	-	578.304.000
7	*Staff Umum dan Administrasi*	1	7.000.000	1.400.000	-	-		-	-	8.400.000	4.080.000	4.080.000	9.080.000	108.960.000	1.486	514	34,59%	1	-	-	-	-	108.960.000
Employees who are directly related to the production process (main team, existing)																							
1	*FBM*	1	12.500.000	2.500.000	750.000	200.000	700.000	-	420.000	17.070.000	10.470.000	10.470.000	18.815.000	225.780.000	1.486	1.902	127,99%	1	1	-	36.645.000	-	262.425.000
2	*Executive Chef*	1	15.300.000	3.060.000	200.000	-	350.000	-	210.000	19.120.000	4.960.000	4.960.000	19.946.667	239.360.000	1.486	1.645	110,70%	1	1	-	43.800.000	-	283.160.000
3	*Supervisor*	1	53.273.045	10.654.609	-	-	450.000	-	270.000	64.647.654	6.120.000	6.120.000	65.667.654	788.011.848	1.486	1.610	108,34%	1	1	-	43.800.000	-	831.811.848
Employees who are directly related to the production process (supporting team, additional)																							
1	*Casual /daily worker Kitchen*	2	6.000.000	1.200.000	-	-	600.000	-	360.000	8.160.000	8.160.000	-	8.840.000	106.080.000	2.972	3.290	110,70%	2	1	-	43.800.000	-	149.880.000
2	*Casual /daily worker FB*	2	5.900.000	1.180.000	-	-	590.000	-	354.000	8.024.000	8.024.000	-	8.692.667	104.312.000	2.972	3.220	108,34%	2	1	-	43.800.000	-	148.112.000
3	*Casual /daily worker Housekeeping*	1	6.000.000	1.200.000	-	-	600.000	-	360.000	8.160.000	8.160.000	-	8.840.000	106.080.000	1.486	1.610	108,34%	1	1	-	43.800.000	-	149.880.000
Total Employee Cost			**322.322.494**	**64.464.499**	**3.112.500**	**1.200.000**	**3.290.000**	**720.000**	**1.974.000**	**397.083.493**	**94.188.500**	**69.844.500**	**410.752.909**	**4.929.034.912**				**15**	**6**	**0**	**255.645.000**	-	**5.184.679.912**

Total budget of employee costs consists of all actual employee earnings plus the costs of the 9 new employees needed, plus a 20% salary increase, and additional benefits for some employees. The employee cost budget plan for events in the coming period is prepared using the activity-based budgeting model as shown in Table 4.1 and Table 4.2. The calculation is based on the actual income plan of 22 employees where the income includes basic salary, 20% salary increase with the 2018 UMP reference, initial allowance, additional allowance, overtime pay, sales commission, incentives, holiday allowance, and annual bonus. The calculation is added to the income of the 9 new employees that have previously been allocated as the need for additional employees for process activities.

Table 4.1 and Table 4.2 show the need for the company to consider reducing one employee in the administration and general divisions as they are considered less effective in the use of their work capacity. This is based on data on the use of working hours required in the work process by the employee of 9.42% of the company's total effective working hours for the two related employees, which is 2,972 hours a year. Therefore, the company should consider reducing one employee in the administrative and general staff positions to reduce the costs of employees who are deemed unnecessary. The number of budgeted employee cost plans that have been calculated is shown in Table 4.39 with the assumption that the company adds new employees, especially for employees who are directly involved in process activities, where the addition is based on overcapacity conditions in the working hours of some employees. The budget plan can be summarized as follows:

Total annual employee cost for 98 people
IDR 1, 648, 767, 000,-

The annual salary for 9 new employees
IDR 38, 045, 000,-

Reduction of one old employee
IDR 33,600,000.-

Total employee cost budget
IDR 2, 002, 212, 000,-

The salary increase rate of 10% is determined based on an adjustment to the minimum wage rate for West Java Province for 2020 where some employees still earn below the minimum wage on the grounds that the employee is new.

Therefore, adjustments must be made to the salary of the employee, in this case, the adjustment using the minimum wage of West Java Province in 2020. However, based on company policy in viewing the fairness side of the employee payroll system, the salary increase rate will be applied evenly to all actual employees. The holiday allowance rates and annual bonuses continue to use the existing rates of 100% of salary and allowance a month after the salary increase. Meanwhile, the overtime rate is set at 10% of the salary a month after the salary increase with the expectation that there will be no more overcapacity conditions. Additional income in the form of overtime is only intended for employees focusing on process activities and is not intended for those with multi-function roles because multi-functional employees have less than 100% use of work capacity. Therefore, they are considered not to have overtime hours.

Each option from Table 4.16 and Table 4.2 has advantages and disadvantages in its implementation. In terms of employee costs, the company will likely tend to choose the option in Table 4.2 because the budgeted employee costs are lower than the employee costs in Table 4.16. However, seen in terms of the completion time of the Event work process, Table 4.16 is more recommended. By adding new employees for positions that are over capacity, it is assumed that the completion time of the Event work process will be shorter, allowing the company to obtain a positive value from the client. Meanwhile, as shown in Table 4.17, the strategy used is only to add allowances for employees who experience overcapacity so that the completion time of the Event work process will remain the same and the overcapacity condition will remain.

For each option, an activity-based budgeting model has been developed to calculate the total employee budget plan for the coming period. Therefore, the next step is to perform a calculation to find out the product cost/output event for the next period, based on the employee cost budget plan as shown in Table 4.16 and Table 4.2. The calculation is made by following the steps based on the activity-based budgeting model that has previously been applied in the calculation of product costs/output events in 2020. The calculation of product/output costs is made to determine the number of employee costs incurred to produce event products/outputs for the coming period. The product/output cost calculation will also be presented in two types of tables according to the two available options. The first table shows the calculation of the total cost of the product/output with the assumption that the company is adding new employees. The second table shows the total cost of the product/output with the assumption that the company only makes additional allowances for employees who are over capacity. The two tables are shown as follows:

Table-4.4: Calculation

No	Position	Number of Emplo-yees (People)	Total Cost Budget of Employees for coming period (IDR)	Cost Standard of Resources Per Hour Following Adjustment of Employees (IDR)	Main Activities					Total Cost of Product/Output (IDR)
					Price Offering (IDR)	BEO (IDR)	Adjustment of Resources (IDR)	Documents (IDR)	Production Process (IDR)	
Multi-functional employees										
1	*Business Manager*	1	330.080.000	124.738	96.047.914	6.236.878	-	34.926.514	-	137.211.306
2	*Accounting & Finance*	9	738.881.588	112.396	2.809.892	-	-	56.197.847	-	59.007.739
3	*Housekeeper*	11	815.194.803	62.298	-	-	28.164.582	-	-	28.164.582
4	*Front Office*	8	664.630.673	40.700	28.489.906	-	-	2.848.991	-	31.338.897
5	*Human Resources Deparment*	1	123.360.000	38.439	-	-	-	21.371.952	-	21.371.952
6	*Sales Marketing*	6	578.304.000	37.987	-	-	-	18.993.271	-	18.993.271
Employees who are directly related to the production process (main team, existing)										
1	*FBM*	1	187.607.742	123.301	-	-	989.919	34.524.226	198.514.300	234.028.445
2	*Executive Chef*	1	76.870.080	76.205	-	762.046	-	2.667.160	122.689.367	126.118.573
3	*Supervisor*	1	88.970.112	87.133	-	-	-	-	140.284.522	140.284.522
Employees who are directly related to the production process (supporting team, additional)										
1	*Casual /daily worker Kitchen*	2	117.430.560	50.431	-	-	-	-	81.193.405	81.193.405
2	*Casual /daily worker FB*	2	113.011.621	49.836	-	-	-	-	80.235.639	80.235.639
3	*Casual /daily worker Housekeeping*	1	114.927.072	100.861	-	-	-	-	162.386.810	162.386.810
Total Employee Cost			**3.949.268.251**		**127.347.712**	**6.998.924**	**29.154.501**	**171.529.961**	**785.304.043**	**1.120.335.141**

Table-4.5: Calculation

Total Cost Allocation of Daily/Casual Workers
for Event in month in 2020
Based on Main Activities of Each Employee's Position
(With an Assumption that the Company Does not Add Employees but Add Over Capacity Employees

No	Daily Worker Position	Number of Emplo-yees (People)	Salary Per Day (IDR)	*Capacity of Time-Work Required (Hour) use Incremental*	*Capacity of Effective Time-Work (Hour) use ABB*	*Capacity Used*	Status	Total Budget of Employee Costs in the Coming Period (IDR) Using Incremental	Total Budget of Employee Costs in the Coming Period (IDR) Using ABB	Variance	In Presentag e
Multi-functional employees											
1	*Waiteress & Waiter*	3	103.450	48	40	0,08	*Over capacity*	14.741.625	12.414.000	2.327.625	16%
2	*Cook*	2	103.450	45	40	0,05	*Over capacity*	9.310.500	8.276.000	1.034.500	11%
3	*Banquet Service*	4	103.450	50	40	0,10	*Over capacity*	20.690.000	16.552.000	4.138.000	20%
4	*Public Area Service*	2	103.450	45	40	0,05	*Over capacity*	9.310.500	8.276.000	1.034.500	11%
5	*Rooms Atthended*	2	103.450	45	40	0,05	*Over capacity*	9.310.500	8.276.000	1.034.500	11%
6	*Maintanace Service*	2	103.450	40	40	-	*Inline capacity*	8.276.000	8.276.000	-	0%
7	*Sound man*	2	103.450	45	40	0,05	*Over capacity*	9.310.500	8.276.000	1.034.500	11%
8	*Security gard*	2	130.000	50	40	0,10	*Over capacity*	13.000.000	10.400.000	2.600.000	20%
9	Staff Umum dan Administrasi	2	103.450	40	40	-	*Inline capacity*	8.276.000	8.276.000	-	0%
Total Employee Cost		**21**	**957.600**				-	**102.225.625**	**89.022.000**	**13.203.625**	13%

Proceed Data of ABB Hour 8, Inc Average of 9,5

5. DISCUSSION

The table shows the results of calculations that have been carried out regarding the Proposed Application of the Use of Activity-Based Budgeting (ABB) Method for Cost Control of Daily and Casual Workers (A Case Study at PT. XYZ). PT XYZ previously used incremental budgeting calculations where the calculation is based on the previous year's calculation reference as the basis for determining the proposed budget for the coming period. In addition, the amount contained in the expenditure item was a comparison (increase) based on the figures from the previous period. As is known, the calculation using incremental budgeting based on the processing period shows that the planned process period of the BEO has

not changed from its realization, which is 1 day/BEO. Based on the revenue budget plan and realization, the 2020 revenue budget plan is IDR 82,217,417 while the budget realization is IDR 51,095,472, showing that the revenue is smaller than the revenue budget plan. The total revenue budget plan can be seen from sales where the minimum sales target is IDR 2,506,210,000,- for the total event in 2020 although in realization achieved is only IDR 1,855,076,097. This sales target is set by looking at sales for the same event in 2020 plus/deduct possible changes in the price of service products in the market. Furthermore, the plan and realization of variable costs prepared before 2020 are IDR 105,835,800,-, while the realization during 2020 is IDR 69,510,000,-. The last is the calculation of fixed costs that are planned for one year in 2020 of IDR 28,788.044,000,- while the realization in 2020 is IDR 23,525,760,000, -

Subsequently, if the company uses the Proposed Application of the Use of Activity-Based Budgeting (ABB) Method for Cost Control of Daily and Casual Workers, then two options can be applied where if the company chooses the first assumption, the company adds employees. It can be seen that the service fee/output of BEO for the coming period based on the calculation of Activity-Based Budgeting (ABB) for daily or casual workers is IDR 1,476,640,040,- or 73.75% of the total employee costs for the coming period. Of the total product/output costs, the most dominant employee costs incurred for employees directly related to activities are IDR 1,140,331,784,- or 77.22% of the total service/output costs. It shows that the activities of employees with positions that are directly related to the process have greater costs when compared to those with multi-functional positions, particularly for events. Likewise, when viewed from the overall side of the main activities in the event, activities related to processes are those with the largest employee costs, which are IDR 1,101,388,432,- or 74.59% of the total service costs/output event. This is because process activities are the culmination of a series of main activities in generating events.

Meanwhile, if the company chooses the second assumption, it will add special allowances for employees who experience overcapacity. This assumption indicates that the product/output cost for the upcoming event is IDR 1,204,920,175,- or 70.25% of the total employee cost for the next period. Of the total product/output costs, employees with positions that are directly related to activities absorb the largest costs of IDR 885,230,436 or 73.47% of the total product/output costs. Likewise, when viewed from the side of the main activities of the event, the largest employee cost used for process activities is IDR 846,208,754, or 70.23% of the total product/output cost. Table 4.41 and Table 4.42 show extremely different amounts of product/output costs, where product/output costs with the option of adding employees require higher employee costs than that of adding benefits for employees who experience overcapacity. The difference between the two is IDR 271,719,865,-.

Judging from the company's vision, the management or company leaders need to consider choosing one option to achieve material and non-material profits. Management can also use a combination of the two options if required. Therefore, in terms of option selection, the researchers cannot determine the best option from the two options because the decision to choose the best option is entirely owned by top management or company leaders. The researchers can only describe the advantages and disadvantages of each option to make it easier for company leaders to choose the two available options. Alongside this, the work processes carried out to produce Event products/outputs by PT XYZ have shown the company's standard operating procedures well. Each stage of the main activities is performed regularly according to the needs of the company's work processes. Therefore, the company needs to evaluate the application of the proposed budgeting method such as the application of the use of Activity-Based Budgeting (ABB) method for cost control of daily and casual workers.

This is supported by the study conducted by Santiasih and Nengzih (2016) where the results of the study show differences between the ABB model and the Incremental budgeting model, as well as evaluating the application of each model. This study used quantitative research with exploratory descriptive research in a case study. The research data were obtained from face-to-face interviews, activity observations, and documentation. ABB modeling was done by detailing the activities in the event including the human resources used, then compiling employee costs for these activities. ABB modeling results show that this method can provide more accurate information about activities, activity costs, work process time, the number of human resources needed, total employee costs, and event profit/loss. It can be concluded that the ABB model can meet the needs of hotel and events budgeting models.

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