BUDGET ANALYSIS STUDY,
CASE STUDY IN PT INDUSTRI SANDANG NUSANTARA
UNIT PATAL SECANG

A THESIS

**Presented as Partial Fulfillment of The Requirements
to Obtain the Bachelor Degree in Accounting Department**

By

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FACULTY OF ECONOMICS
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YOGYAKARTA
2005**

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Defended before the Board of Examiners
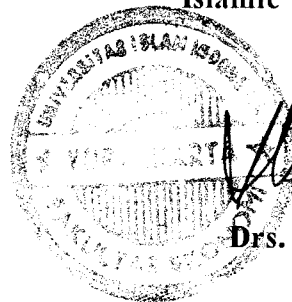on June 27, 2005
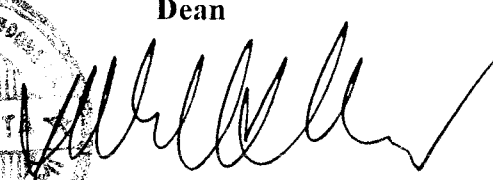and Declared Acceptable

Board of Examiners

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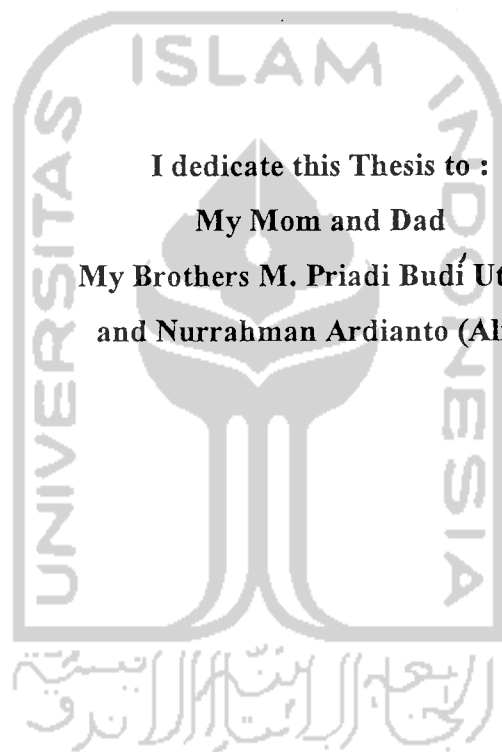Yunan Najamudin, Drs, MBA

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"......You are not your job ...... you are not how much
money you have in the bank ...... not the car you drive ......
not the contents of your wallet ......"
(Tyler Durden, Fight Club)

I dedicate this Thesis to :
My Mom and Dad
My Brothers M. Priadi Budi Utomo
and Nurrahman Ardianto (Alm.)

ACKNOWLEDGEMENTS

Pheeeww... I did it ! :)

First of all, I would like to express my praise to Allah SWT for all the strength, health, ideas and bleesings given to me.

My sincere appreciation goes to Mrs. Primanita Setyono, Dra, MBA., my content advisor, for her helpful, comments, and advice during my thesis writing. Then, I must say special thank you to Miss Widyasari Listyowulan, SS, my language advisor. For the discussion and comments during my thesis writing.

I would like to extend my appreciation to Mr. Asmai Ishak, Drs. M.Bus, Phd., the Director of International Program, all the lecturers and academic staffs of International Program, for all knowledge, advice and support they gave to me during my study in International Program. My great thanks also goes to Director and all staffs, of PT. Industri Sandang Nusantara Unit Patal Secang for the interview, datas, and support during the research.

I would also like to express much gratitude to : my beloved mother and father; My brother M. Priadi Budi Utomo; Soekarno H.W. Family; Ilyas Family; Sheraton Family; All my friends in Srengenge Cipta Imagi; All my friends in I.P. Class of '96,'97,'98,'99... ; my bands : Traffic Light, Sabtu Nan Cerah, ON; Mr. Imaduddin and family; Liv.. I'm ready... so.. ??:) ; who else?? hmm...all my friends...all my families....too many to be mentioned:)...God Bless Ya All !! ; the sounds; the air: the water; modern life; the electricity; the past; the future.........................THANX!!!!!!!!!!

Jogjakarta, June 8, 2005

Nugroho Arif Prabawa

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ABSTRACT

Prabawa, Nugroho Arif (2005), *Budget Analysis Study, Case Study in PT. INDUSTRI SANDANG SANDANG NUSANTARA UNIT PATAL SECANG.* Accounting Department. International Program Faculty of Econmics. Islamic University of Indonesia.

The budgeting process is an integral part of the management control system. Managers use budgetary informatioin for many purposes.

The objective of the research is to understand the application of budgetting process in PT. INDUSTRI SANDANG SANDANG NUSANTARA UNIT PATAL SECANG for 1997-2002.

To answer the research problem about the sigfinicant different between cost budget and its realization, the researcher use *T-test* analysis.

The results of the research revealed that there are significant differences between cost budget value with its realization on 1997,2001, and 2002. There are also significant differences between cost budget value with it's realization in marketing division and in finance and general division for 1997-2002.
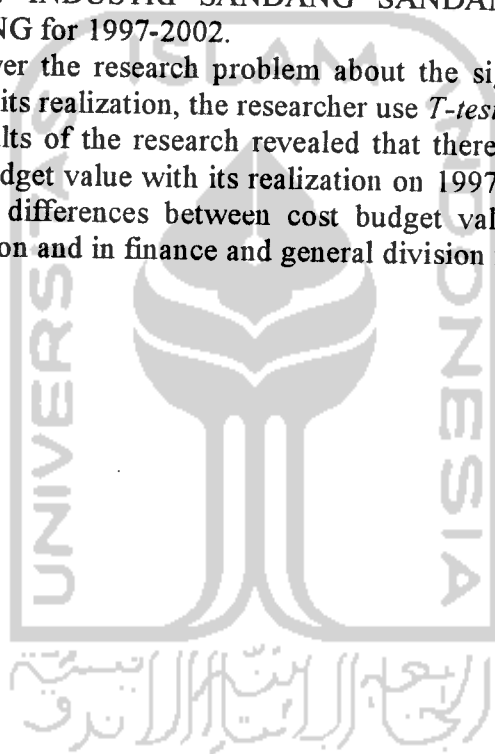
ABSTRAK

Prabawa, Nugroho Arif (2005), *Studi Analisa Penganggaran, Studi Kasus di PT. INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG.* Jurusan Akuntansi. Program Internasional. Fakultas Ekonomi.Universitas Islam Indonesia.

Proses penganggaran adalah bagian yang tak terpisahkan dari sistem pengendalian manajemen. Informasi yang didapat dari penganggaran ini, digunakan sebagai acuan oleh para manajer untuk bermacam tujuan.

Tujuan dari penelitian ini adalah untuk mengetahui penerapan proses penganggaran di PT. INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG dalam kurun 1997-2002.

Untuk menjawab permasalahan dalam penelitian ini, yaitu tentang ada atau tidaknya perbedaan yang signifikan antara anggaran biaya dan realisasinya, maka penulis menggunakan analisa *Uji- T.*

Hasil dari penelitian ini menunjukkan bahwa terdapat perbedaan-perbedaan yang signifikan antara anggaran biaya dan realisasinya pada tahun1997, 2001, dan 2002. Terdapat juga perbedaan-perbedaan yang signifikan antara anggaran biaya dan realisasinya pada divisi pemasaran dan juga pada divisi keuangan dan umum dalam kurun 1997-2002.

CHAPTER I

INTRODUCTION

1.1. Study Background

Globalization is one of the main characteristics in recent years, especially at the beginning of this millennium, where the advancement of business is going to be more competitive.

Nowadays, Management Control Systems has changed drastically in accordance with the fast growing of the development and the innovation of technology. This situation affects to the operational of business. The business operational must be concerned about the principles of effectiveness, efficiency and about what consumers want as the end of the user. Relating to the advancement of business, the role of accounting is very important to determine the success of a company, in particular to help the manager in making a better plan and better decision to the company itself. We know that the aim of establishing a company is to reach the goal/target.

Generally, company tries to make strategy and policy based on the right proportion to secure the company's performance. In making the strategy and policy, the management must have a direct/ indirect system. The indirect control is system which is usually used by huge/multinational company. It is applied because of the size in

company's organization. So, it is getting harder for the manager to control all events related to the financial situation.

For company which has a big organization structure, delegation of authority and responsibility without forgeting about the good control system is a must. In this case, the role of accounting as a tool or as an information source will be very useful for the manager to control all the financial events.

Accounting itself defined as the art of recording, classifying, and summarizing in a significant manner and in terms of money, transactions and events which are in part at least, of a financial character, and interpreting the results thereof. (Hendriksen, Van Breda, 1992 : 13)

The definition above indicates accounting as an art or an activity of service which indirectly states that accounting includes a group of techniques that will be useful to the certain thing. It shows the role of accounting for the manager in making a decision and controlling the company.

Decision making is very important thing in management. Why? Because a decision is a start for every activities. So, whoever wants some certain activities, the decision should be made as fast as they could. In order to make accounting as an effective and efficient tools, a systematic mechanism and structure which is called management control systems should be arranged.

Management control is the process by which managers influence other members of the organization to implement the organization's strategies (Anthony, Govindarajan 1998 : 6). It is used also to detect any failures and mistakes related to the work.

In management control systems, the control itself is handle through the managers. For example: production manager, financial manager, human resources manager, and also other managers. This control system consists of 2 materials: Management Control Structures and Management Control Process. Management Control Structures includes: organization structure, autonomy that delegates to the manager, responsibility centers that formed, relationships among responsibility centers and the information flow among responsibility centers. While Management Control Process includes: strategic planning, budget preparation, program execution, and program evaluation.

This thesis is focusing on budget preparation and the application of it. Especially, on the system they used. So far, PT INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG uses fixed budget method to construct their budget preparation system. Does fixed budget a good method to construct the budget preparation system? What about flexible budget?

Regarding the statements and many considerations about the benefit and useful information from the observation, the researcher proposes a thesis entitled:

"EVALUATION IN BUDGETING PROCESS APPLICATION – CASE STUDY IN PT INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG".

1.2. Problem Identification

The budgeting process is an integral part of the management control system. Managers use budgetary information for many purposes including motivation, performance evaluation, product pricing, and investment planning.

1.3. Problem Formulations

Based on the explanation above, the main problem in this research is:

- How does the trend of budgeting implementation in PT INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG for 1997-2002?

- Is there a significant different between cost budgete and its realization to all division that available in company's organization?

1.4. Limitation of Research Area

In this research the problems are emphasized on:

- Budget Preparation Process and the implementation of it.

- Differencess between cost budget and its realization to all division.

1.5. Research Objectives

The objectives of this research is to understand the application of Budgeting Process in PT INDUSTRI SANDANG NUSANTARA UNIT PATAL SECANG in supporting the operational of the company. Evaluation is focused on the Budget Preparation Process and its implementation.

1.6. Research Benefits

The benefits that can be obtained from the research are:

1. The researcher can get the benefit from the observation because this is a very challenging case to do. This research can be a media to apply the theories and understandings in a real case.

2. The company can use this research to be a consideration in increasing productivity of the company, by looking the weakness in doing the daily operational.

1.7. Definition of Term

The researcher gives the definition of term in order to make the reader understand about what they are going to read from the thesis. The writer will explain each term of the title as follows:

Budgeting is a plan covering all phases of operations for a definite period in the future.

Case study is a direct observation process conducted in one company or more in order to obtain the data needed. Through the data needed. Through the data, the researcher can make the report of data finding, analysis and the conclusions.

1.8. Research Method

Technique of Collecting Data

1. Literature Study

   Literature study is applied by collecting the articles relates to the problem observed. The articles can be obtained from the books, magazine, journals, and other sources that support the analysis.

2. Field Study

   In the field of study, the researcher observes the company directly and make appointment with the management to collect the information.

Data Sources

1. Primary data

   Is a data that is obtained directly from interview with the board of directors, managers and the employees.

2. Secondary data

Is a data that is obtained from the references or literatures related to the research.

1.9. Technique of Data Analysis

The technique of data analysis is qualitative analysis. It is an analysis that reflects the performance of the company. From the results, we can observe the weaknesses in applying the management control systems. The steps in evaluating the Budgeting Process Application are as follows:

1. Conducting a survey to obtain the information about Budgeting Process Application.

2. Studying and analyzing the notes and data about Budgeting Process Application.

To answer the research problem about the significant different between cost budget and its realization, the researcher use T-test analysis. The formula that used to examine T-test can be explained, as follow :

$$T_{count} = \frac{(\overline{x_1} - \overline{x_2})}{sd\sqrt{1/n_1 + 1/n_2}}$$

Notes :

X_1 = Cost Budget Datas

X_2 = Cost Realization Datas

Sd = standard deviation

n = Total Datas

CHAPTER II

REVIEW OF RELATED LITERATURE

2.1. Planning Function on Company

In making a company's plan, a company has four functions, those are :

(1) State a philosophy and mission

(2) State a goal and strategy

(3) State a program

(4) State some budgets

On the beginning of the business, a company must state a company's philosophy and mission. Mission that stated will be described as a company's goal and it will be formulated to be some strategies to be achieved it. Next step is stating programs that have a function to apply those strategies. Programs that available will be detailed to budgets.

2.2. Budget Preparation Planning

2.2.1 Budget Definition

Budget is a detail plan that formulated systematically and stated formally on quantitative measurements, usually stated on set of money to show about resources achievement and its allocation on some period, usually a year. While a budgeting is a process statement of role each of manager on conducting a program.

Budgetary control is an activity control process using budget. The characteristic of budget are (Anthony, Govindarajan, 1998: 373):

1. It estimates the profit potential of the business unit.

1. It is stated in monetary terms, although the monetary amounts may be backed up by nonmonetary amounts

2. It generally covers a period of one year

3. It is a management commitment

4. The budged proposal is reviewed and approved by an authority higher than the budgetee

2.2.2 Budget Function

A budget has some functions, (Supriyono, 2000 : 42):

1. To plan the organization activities or responsibility center on short term

2. To assist to coordinate short term plan

3. To be a communication tool for responsibility center managers

4. To be a guidance for managers to achieve responsibility center goal that managed

5. To be an activity control and performance evaluation of responsibility centers and its managers

6. To be an education tool for managers

2.2.3. Constraint of Budget

On business management context, a budget has some constraints that necessary to be understood and anticipated by manager. Some constraints, as follows:

1. Plan and budget based on estimation or projection that its accuracy depends on the estimation or projector skill. Inaccuracy on estimation will cause plan benefit can't achieved.

2. Plan and budget must be based on certain condition and assumption. If condition and assumption as a basic change, so plan and budget must be correct.

3. A budget will have a function as a management tool only if all staff especially management always cooperates coordinately and keep trying to achieve the goal. Plan and budget can not change management function and management judgement.

2.3. Relation of Budgeting to Strategic Planning

Strategic planning is the process of deciding or the nature and size of the several programs that are to be undertaken in implementing an organization's strategies (Anthony, Govindarajan, 1998 : 374). Both strategic planning and budget preparation involve planning, but the types of planning activities are different in the two processes. The budgeting process focuses on a single year, whereas strategic planning focuses on activities that extended over a period of several years. Strategic planning precedes

budgeting and provides the framework within which the annual budget is developed. A budget is, in a sense, a one-year slice of the organization's strategic plan.

2.4. Contrast with Forecasting

A budget differs in several respects from a forecast. A *budget* is a management plan, with the implicit assumption that positive steps will be taken by the budgetee- the manager who prepares the budget - to make actual events respond to the plan; a *forecast* is merely a prediction of what will most likely happen. As contrasted with a budget, a forecast has the following characteristics (Anthony, Govindarajan, 1998 : 374) :

- It may or may not be stated in monetary terms.

- It can be for any time period.

- The forecaster does not accept responsibility for meeting the forecasted results.

- Forecast are not usually approved by higher authority.

  A forecast is updated as soon as new information indicates there is a change in conditions.

Variances from forecast are not analyzed formally or periodically. (The forecaster does some analysis, but the purpose of this is to improve the ability to forecast)

2.5. Uses of a Budget

Preparation of an operating budget has four principal purposes (Anthony, Govindarajan, 1998 : 375) : (1) to fine tune the strategic plan ; (2) to help coordinate the activities of the several parts of the organization ; (3) to assign responsibility to managers, to authorize the amounts they are permitted to spend, and to inform them of the performance that is expected of them ; and (4) to obtain a commitment that is a basis for evaluating a manager's actual performance.

2.5.1 Fine Tuning the Strategic Plan.

As discussed in Chapter 8, the strategic plan has the following characteristics : it is prepared early in the year, it is developed on the basis of the best information available at that time, its preparation involves relatively few managers, and it is stated in fairly broad terms. The budget, which is completed just prior to the beginning of the budget year, provides an opportunity to use the latest available information and is based on the judgment of managers at all levels throughout the organization. The "first cut" at the budget may reveal that the overall performance of the organization, or of a business unit within the organization, would not be satisfactory. If so, budget preparation provides an opportunity to make decisions that will improve performance before a commitment is made to a specific way of operating during the year.

2.5.2 Coordination

Every manager in the organization participates in budget prepa ration process. When the pieces are assembled into an overall plan by the staff, inconsistencies may be detected. The most common thing is the possibility that the plans of the production organization are not consistant with the planned sales volume, or in certain product lines. Within the production organization, plans for shipments of finished products may be inconsistent with the plans of plants or departments within plants to provide components for these products. As another example, line organizations may be assuming a higher level of service from support organizations than those organizations plan to provide. During the budget preparation process, these inconsistencies are identified and resolved.
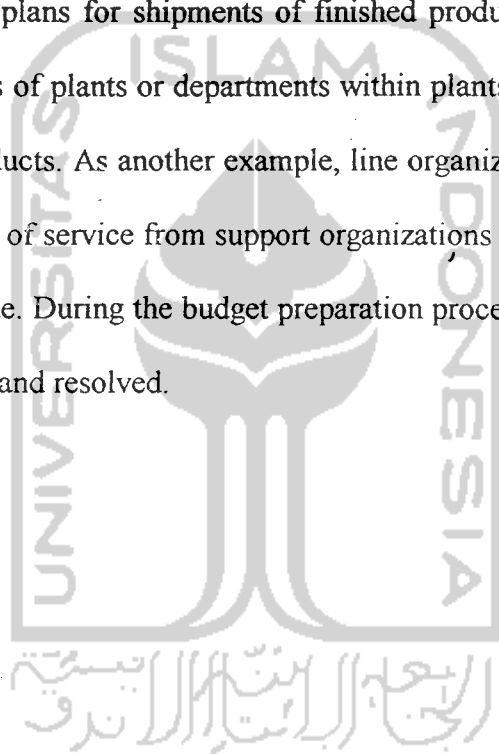
2.5.3 Assign Responsibility

The approved budget should make clear what each manager is responsible for. The budget also authorizes responsibility center managers to spend specified amounts of money for certain designated purposes without seeking the approval of higher authority.

2.5.4 Basis for Performance Evaluation

The budget represents a commitment by the budgetee to his or her superior. It, therefore, represents a benchmark against which actual performance can be judged. The commitment is subject to change if the assumptions on which it is based change, but it nevertheless is an excellent starting point for performance appraisal. Responsibility is assigned for each responsibility center in the organization. At the top level, the budget summary assigns responsibility to individual profit centers ; within profit centers, the budget assings responsibility to functional areas (such as marketing) ; and within functional areas, the budget assigns responsibility to individual responsibility centers (such as regional sales offices in the marketing organization).

2.6. Organization

2.6.1 The Budget Department

The information flow of a budgetary control system is usually administered by the budget department, which normally (but not always) reports to the corporate controller. It has the following functions, those are (Anthony, Govindarajan, 1998 : 381) :

- It publishes procedures and forms for the preparation of the budget.

- It coordinates and publishes each year the basic corporatewide assumptions that are to be the basis for the budgets (e.g. assumptions about the economy).

- It makes sure that information is properly communicated between interrelated organization units (e.g. sales and production).

- It provides assistance to budgetees in the preparation of their budgets.

- It analyzes proposed budgets and makes recommendations, first to the budgetee and subsequently to senior management.

- It administers the process of making budget revisions during the year.

- It coordinates the work of budget departments in lower echelons (e.g. business unit budget departments).

- It analyzes reported performance against budget, interprets the results, and prepares summary reports for senior management.

2.6.2 The budget Committee

The budget committee consists of members of senior management, such as the chief executive officer, chief operating officer, and the chief financial officer. In some companies, the chief executive officer decides without a committee. Regardless of its composition, the budget committee performs a vital role. This committee reviews and either approves or adjusts each of the budgets. In a large diversified company, the budget committee might meet only with the senior operating executives to review the budgets for a business unit or group of business units. In some companies, however, each business unit manager meets with the budget committee and presents his or her budget proposals. Usually, the budget committee must approve major budget revisions made during the year.

2.6.3 Issuance of Guidelines

If a company has a strategic planning process, the first year of the strategic plan, which is usually approved in the summer, is the beginning of the budget preparation process. If the company has no strategic plan, management needs to think about the future in the manner suggested in Chapter 8 as a basis for budget preparation.

Unlike budget preparation, development of the strategic plan usually does not involve lower-level responsibility center managers. Thus, whether or not there is a strategic plan, the first step in the budget preparation process is to develop guidelines that govern the preparation of the budget, for

dissemination to all managers. These guidelines are those that are implicit in the strategic plan, modified by developments that have occurred since its approval, especially the company's performance for the year to date and its current outlook. Some of these guidelines are to be followed by all responsibility centers ; examples are assumed inflation, in general, and for specific items such as wages ; corporate policies on how many persons can be promoted ; compensation at each wage and salary level, including employee benefits ; and a possible hiring freeze. Others are specific to certain responsibility centers.

These guidelines are developed by the budget staff and approved by senior management. In some cases they may be discussed with lower-level managers before being approved. A timetable for the steps in the budget preparation process also is developed. This material is then disseminated throughout the organization.

2.6.4 Initial Budget Proposal

Based on the guidelines, responsibility center managers, assisted by their staffs, develop a budget request. Because most responsibility center will start the budget year with the same facilities, personnel, and other resources that they have currently, this budget is based on the existing levels, which are the modified in accordance with the guidelines.

2.7. Changes in External Forces (Anthony, Govindarajan, 1998 : 382)

- Changes in the general level of economic activity as it affects the volume of sales (e.g. expected growth in the demand for a product line).

- Expected changes in the price of purchased materials and services.

- Expected changes in labor rates.

- Expected changes in the cost of discretionary activities (e.g. marketing, R & D, and administration).

- Changes in selling prices. These are equal to the sum of the changes in the related costs, which assumes that changes in costs can be recovered in selling prices because similar changes will be experienced by competitors.

2.8. Changes in Internal Policies and Practices (Anthony, Govindarajan, 1998 : 383)

- Changes in production costs, reflecting new equipment and methods.

- Changes in discretionary costs, based on anticipated changes in workload.

- Changes in market share and product mix.

Some companies require that specific changes from the current level of spending be classified to such causes as the above. Although this involves extra work, it provides a useful tool to analyze the validity of proposed changes.

2.8.1 Negotiation

The budgeter discusses the proposed budget with his or her superior. This is the heart of the process. The superior attempts to judge the validity of each of the adjustments. Ordinarily, a governing consideration is that performance in the budget year should be an improvement over performance in the current year. The superior recognizes that he or she will become the budgetee at the next level of the budget process and, therefore, must be prepared to defend the budget that is finally agreed to.

2.8.2 Slack

Many budgetees tend to budget revenues somewhat lower, and expenses somewhat higher, than their best estimates of these amounts. The difference between the budget amount and the best estimate is called "slack". Superiors who examine the budget attempt to discover and eliminate slack., but this is a difficult task. Beginning about 1970, some Russian industries attempted to offset this tendency by developing bonus formulas that attempted to counteract slack. In these formulas, the bonus as proportionally greater for a manager whose actual performance exceeded the budget by a small amount that for a manager who exceeded the budget by a large amount. Although these formulas have been discussed in the literature, they have had practically no acceptance in practice, either in Russia or elsewhere.

2.8.3 Review and Approval

The proposed budgets go up through successive levels in the organization. When they reach the top of a business unit, the pieces are put together, and the total is examined. In part, the analyst studies consistent – for example, is the production budget consistent with planned sales volume? Are service and support centers planning for the services that are being requested of them? In part the examination asks whether the budget will produce a satisfactory profit. If not, it is often sent back for reworking. The same type of analysis takes place at corporate headquarters.

Final approval is recommended by the budget committee to the chief executive officer. The CEO also submits the approved budget to the board of directors for ratification. This happens in December, just prior the the beginning of the budget year.

2.8.4 Budget Revisions

One of the principal considerations in budget administration is the procedure for revising a budget after it has been approved. On the other hand, if the budget assumptions turn out to be so unrealistic that the comparisons of actual against budget are meaningless, budget revisions may be desirable.

There are two general types of budget revisions :

1. Procedures that provide for a systematic (say quarterly) updating of the budgets.

2. Procedures that allow revisions under special circumstances.

Systematic updating obviously requires extra work. Nevertheless, large Japanese companies believe this is worthwhile. They prepare a budget for the whole year, but only the for six months of this budget is formally approved by senior management. The budget for the second six months is revised and approved shortly before the period begins .

If budget revisions are limited only to unusual circumstances, such revision should be adequately reviewed. In general, permission to make revisions should be difficult to obtain. Budget revisions should be limited to those circumstances where the approved budget is so unrealistic that it no longer provides a useful control device. That is to say, *budget revisions must be justified on the basis of significantly changed conditions from those existing when the original budget was approved.*

An important consideration is that managers should not be required to adhere to plan that subsequent events prove to be suboptimum. This can be a serious problem in budgeting. Because of the time required for budget preparation and review, budgets may provide for actions that are planned months ahead of the time they take place. It is important, therefore, that management actions be based on the latest information available. Consequently, managers should be encouraged to act according to the most recent information. Performance continues to be measured against the original budget, but explanations for reasonable variances are acceptable.

2.9. Behavioral Aspects

One of the purposes of a management control system is to encourage the manager to be effective and efficient in attaining the goals of the organization. Some motivational considerations in the preparation of operating budgets are described below (Anthony, Govindarajan, 1998 : 385).

2.9.1 Participation in the Budgetary Process

Budget processes are either "top down" or "bottom up". With top down budgeting, senior management sets the budget for the lower levels. With bottom up budgeting, lower-level managers participate in setting the budget targets. The top down approach rarely works, however, it leads to a lack of commitment on the part of budgetees; this endangers the plan's success. Bottom up budgeting is most likely to generate commitment to meeting the budgeted objectives; however, unless carefully controlled, it may result in objectives that are too easy or in objectives that may not match the company's over-all objectives.

Actually, an effective budget preparation process blends the two approaches. Budgetees prepare the first draft of the budget for their area of responsibilities, which is "bottom up"; but they do so within guidelines established at higher levels, which is "bottom up"; but the do so within guidelines established at higher levels, which is "top down". Senior managers review and critique these proposed budgets. A hardheaded approval process helps to ensure that budgetees do not "play games" with the budgeting system. The review process, nevertheless, should be perceived as

being fair; if a superior changes the budgeted amounts, he or she should try to convince the budgetee that such a change is reasonable.

Research has shown that budget participation (i.e., a process in which the budgetee is both *involved* in and has *influence* over the setting of budget amounts has positive effects on managerial motivation for two reasons :

1. There is likely to be greater acceptence of budget foals if they are received as being under personal control, rather than being imposed external. These leads to higher personal commitment in achieving the goals.

2. Participative budgeting results in effective information exchanges. The approved budget amounts benefit from the expertise and personal knowledge the budgetees, who are closest to the product / market environment. Further, budgetees have a clearer understanding of their jobs through interactions during the review and approval phase.

Participative budgeting is especially beneficial for responsibility center operating in uncertain environments because managers in charge of such responsibility centers are likely to have the best information regarding the variables that affect their revenues and expenses.

2.9.2 Degree of Budget Target Difficulty

The ideal budget is one that is challenging but attainable. In operational terms, this may be interpreted as meaning that a manager who performs reasonably well has at least a 50 percent chance of achieving the budget amount. We shall offer to such a budget as "achievable". Merchant and

Manzoni, in the field study of business unit managers, concluded that business unit budget achievability in practice is usually considerably higher than 50 percent. There are several reasons why senior management approves achievable budgets for business units :

- If the budgeted target is too difficult, managers are motivated to take short-term actions that may not be in the long-term interests of the company. Attainable profit targets are a way of minimizing these dysfunctional actions.

- Achievable budget targets reduce the motivation for manages to engenge in data manipulation (e.g., inadequate provision for warranty claims, bad debts, inventory obsolescence, and the like) to meet the budget.

- If business unit profit budgets represent achievable targets, senior management can, in turn, divulge a profit target to security analysts, shareholders, and other external constituencies with a reasonable expectation of being correct.

- A profit budget that is very difficult to attain usually implies an overly optimistic sales target. This may lead to an overcommitment of resources to gear up for the higher sales activity. It is administratively and politically awkward to downsize operations if the actual sales levels do not reach the optimistic targets.

- When business unit managers are able to meet and exceed their targets, there is a "winning" atmosphere and positive attitude within the company.

One limitation of an achievable target is the possibility that business unit managers will not put forth satisfactory effort once the budget is met. This limitation can be overcome by providing bonus payments for actual performance that exceeds the budget.

If a business unit manager achieves more that the budgeted profit, senior management should not automatically increase the profit budget for the following year. If this happens, business unit managers may not perform up to their maximum capacity in order a avoid showing too large a favorable variance.

2.9.3 Senior Management Involvement

Senior management involvement is necessary for any budget system to be effective in motivating budgetees. Management must participate in the review and approval of the budgets, and the approval should not be a rubber stamp. Without their active participations in the approval process, there will be a great temptation for the budgetees to "play games" with the system – that is, some managers will submit easily attained budgets or budgets that contain excessive allowances for possible contingencies.

Management must also follow up on budget results. If there is no top management feedback, with respect to budget results, the budget system will not be effective in motivating the budgetee.

2.9.4 The Budget Department

The budget department has a particularly difficult behavioral problem. It must analyze the budgets in detail, and it must be certain that budgets are prepared properly and the information is accurate. To accomplish these tasks, the budget department sometimes must act in ways that line managers perceive as threatening or hostile. For example, the budget department tries to ensure that the budget does not contain excessive allowances (or "water"). In other cases, the explanation of budget variances provided by the budgetee may hide or minimize a potentially serious situations, and when the budget department discloses the facts, the line manager is placed in an uncomfortable position. The budget department must walk a fine line between helping the line manager and ensuring the integrity of the system.

To perform their functions effectively, the members of the budget department must have a reputation for impartiality and fairness. The members of the budget department should, of course, also have the personal skills required to deal effectively with people.

2.10. Quantitative Techniques

There have been many articles on the use of mathematical techniques in the budget preparation process. Although mathematical techniques and computers improve the budgetary process, they do not solve the critical problems of budgetary control. The critical problems in budgeting tend to be in the behavioral area.

2.11. Simulation

Simulation is a method that constructs a model of a real situation and then manipulates this model in such a way as to draw some conclusions about the real situation. The preparation and review of a budget is a simulation process. With a computer simulation, senior management can ask what the effect of different types of changes would be and receive almost instantaneous answers. This fact gives senior management a chance to participate more fully in the budgetary process.

Several computer software packages are available, some are specific to certain industries, others are general purpose. Most require adaptation to the company's own way of doing things; and this process may require a year, or several years, of intensive effort on the part of company employees or consultants. In some cases, the resulting program has proved to be more complicated than managers will tolerate. If the needs of managers, both budgetees and senior management, are properly taken into account, however, the resulting program can have great benefits.

2.12. Probability Estimates

Each number in a budget is a point estimate- that is, it is the single "most likely" amount. For example, sales estimation are stated in terms of the specific number of units of each type of product to be sold. Point estimation are necessary for control purposes. For planning purposes, however, a range of probable outcomes may be more helpful. After a

budget has been tentatively approved, it may be possible with a computer model to substitute a probability distribution for each major point estimate. This is called a *Monte Carlo* process.

Some have proposed that budgets be prepared initially using probability distributions instead of point estimation – that is, the budget committee would approve a number of probability distributions, rather than specific amounts. Subsequent variance analysis would be based on these probability distributions. The work involved in making these estimation is considerable, however. Also, if the procedure is to ask for three number – pessimistic, most likely, and optimistic – the result is likely to be a normal curve, with an expected value equal to the most likely number. This is no better than estimating the most likely number in the first instance, except that, theoretically, a measure of dispersion is reported. In any event, probabilistic budget are rarely found in practice.

2.13. Contingency Budgets

Some companies routinely prepare contingency budgets that identify management actions to be taken if there is a significant decrease in the sales volume from what was anticipated at the time of developing the budget (e.g., a contingency budget might determine actions to be taken based on a decrease of 20 percent from the best estimate of sales volume). The contingency budget provides a way of quickly adjusting to changed conditions if the situation arises. If sales volume declines by 20 percent,

business unit managers can determine for themselves, according to the predetermined contingency budget, actions to be taken.

Budgeting is a universal governmental activity, and hence a perennial target reform. But we often forget that budgeting itself was a reform, that will not necessarily last forever, and that future reforms may alter budgeting in unexpected ways. This paper delinates the path of budget reform from the original establishment of national budgets, through the wave of attempted reforms during the mid-twentieth century, to recent trends that point the way to a radical change in the way budgetary decisions are made. In other words, budget and budget making as we know them today are historical phenomena, related to specific times and places, rather than enduring for unchanging institutions.

First, it is necessary to define budgets and budgeting as specific forms of financial decision making. A budget is a document that proposes income and expenditures for an annual period. Budgeting therefore encompasses contralised annual decision-making, and the ability to check that expenditures have been made and revenues collected as set out in the budget. It is a remarkably simple and successful concept – so successful that we may easily forget that until the nineteenth century national budgets did not exist and that states organized their financial business in quite a different way. An historical perspective reveals a circumstances that may be divided into three: a pre-budgetary period, a budgetary period, and a possible post-budgetary period, toward which we may now be heading.

2.14. Pre-budgetary financial administration

To enter the world of pre-budgeting, we have to make a brief into the age of kings. In pre-nineteenth century Europe there was an accepted method of conducting financial administration by state. It is important to stress that while this method may appear strange or even bizarre to our eyes, it is regarded not only as acceptable, but as the only feasible means of managing state finances. In order to understand what happens to budgets today, it is important to appreciate how financial affairs were organized in this pre-budgetary period. Since the historical details, while fascinating, would take far too much space, what follows is a conceptual model, or "ideal type" of financial management practices that were widespread throughout Europe between the end of the feudal system and the early nineteenth century. The description that follows is based primarily on the French regime before the Revolution, where the system probably achieved its most perfect form.

If we concentrate on its essential elements, pre-budgeting is characterized by four main features : continuousness, decentralization, privatizations, expediency and corruption. Each of these features reinforced the others and contrasts with the later budgeting model.

Continuousness :There were no annual budgets. Finance ministers budgeted according to cash flow or the availability of monies. Accounts were not closed at the end of the financial year. Although from time to time the authorities would make strenuous efforts to ascertain the financial

position. The finance ministers saw their jobs as simply ensuring that resources – gained by whatever means – were available to meet the rulers demands. Their efforts to plan or control finances were impeded by a second characteristic of the system decentralization.

Decentralization. There was no central Treasury (although Britain established one in the mid – seventeenth century). Instead, revenues were received and paid out in different parts of the country by receivers and payers of taxes of different kinds. Each kind of revenue – whether a tax on the produce of land, or on a particular commodity – had its own set of rules and officials, and varied geographically. When bills were to be paid, they were assigned to a specific revenue, and had to be presented to a specific official. Such a system was well suited to a period in which communications were poor and transportation of revenues in the form of large sums of gold and silver would have been slow and insecure. It was also appropriate for conditions of geographical diversity in which revenue sources varied from one part of a country to another. Decentralization, however, gained even greater utility from the third characteristic of pre-budgeting : privatization.

Privatization : Whereas some of the officials who handled the accounts or funds that substituted for the non-existent Treasury was employed by the state, the backbone of the system was a body of private accountants, or businessmen on their own account. These private individuals made a very fine living as receivers and payers if taxes. They had the right to collect

taxes and make profits if they were able to collect more than the amount contracted for the state. But much of their own banking activities, from discounting unpaid claims against the state, and from advancing funds to the king when – as was often inevitable – the king's account with them was overdrawn. One particularly famous group in France, the tax-farmers, who bid at auction for particular sources of revenue, even banded together in a syndicate, thereby improving their efficiency and acting as the major source of royal credit. Yet it was still not enough for the demands of the state.

Expedients : The system was always chronically short of funds, and the authorities were always devising new and intricate means of mobilizing resources from a resistant population. Financial administration was always in flux. It was dynamic in nature, and thus highly flexible, quickly taking advantage of whatever opportunities arose, keeping up with economic and social changes. The resulting incoherence of the system reflected its adaptability, even as it made control more difficult.

Corruption Corruption was endemic and systemic. It would not be an exaggeration to suggest that the system depended on corruption to maintain it. The mingling of public and private funds, the lack of audit the multiplicity of accounts, and the constant pressure to provide resources, bred irregularity, disorder and abundant opportunity for embezzlement, bribery and illicit activities. Corruption was the norm, and in order to survive in such a system, one was forced to participate in corruption. From time to time, the state would crack down on corruption and bring the chief

culprits to trial but, more often than not, these judicial procedures would only be a cynical cover for the king to avoid paying his creditors. In the end, to maintain the flow of credit, trials would often end in compromise.

There are number of points to notice about the pre-budgetary system. First, the French system was very much admired throughout Europe. Second, it was really quite effective in mobilizing resources – the finance of the Napoleonic Wars depended on a refined (though not reformed) form of this system. Moreover its objectives were attained in an essentially nonbureaucratic manner. However, the system suffered from low accountability that reflected not lack of expertise, but rather the exploitative nature of the regime and activities of those parasitical upon it. Third, pre-budgeting was remarkably impervious to reform despite repeated efforts to replace it. Indeed, the greater the efforts to make it more efficient (and there were many), the more entrenched it was. The better it became, the worse it became.

2.15. Functional Budgets

Every business organization has to carry three major business functions, those are : manufacturing, administration and selling, during each year. The ultimate result of these functions is expected to be net profit. Hence, the company budgets its incurrence, volume, methods and results of these function to be carried out during the coming year. The major functional budgets are given below (Jakhotiya, 1990 : 20).

Group A   Manufacturing Function

    1. Production activity budget

    2. Material consumption and purchase budget

    3. Manpower budget and wages budget

    4. Manufacturing overheads budget

    5. Production cost budget

    6. Capital expenditure (i.e. investment) for manufacturing asset budget, etc.

Group B   Administrative Function

    1. Administrative remuneration budget

    2. Internal audit activity budget

    3. Planning and coordination activity budget

    4. Total administrative cost budget

Group C   Sales and Distribution Function

    1. Sales activity (volume) budget

    2. Sales budget (i.e. volume x price = value)

    3. Sales and distribution expenses budget

    4. (Advertisement, market research and development, distribution, sales remuneration and commission after-sales services, etc.)

    5. Capital expenditure (i.e. investment) for sales (e.g. construction of sales offices and warehouses, purchase of

sales vehicles and furniture, long-run benefit advertisement campaigns, etc.)

Group D   Finance Budgets

1. Cash budget (short-term, yearly and long-term)

2. Capital (fund) raising and repayment budget (i.e. capital monitoring budget)

3. Funds flow statement (i.e. working capital budget)

The above-mentioned budgets can be further subdivided for subsidiary functions, e.g. the production activity budget can be further sub-divided for different product lines, time periods, jobs or processes, production divisions, etc. Such division of budget depends on the volume of function and desired degree of control on such functions.

The use of annual budgets as the primary means of public financial administration has become so ingrained that it has become difficult even to conceive of alternative ways of organizing public finances. People involved in budgeting are used to the annual budget process, and adapt it to their needs or evade it. But budgets, as cyclical centralized systems of financial decision-making, often fail to meet their objectives, therefor many budget structures and processes are starting to resemble those of a pre-budgetary era, characterized by decentralisazion and fragmentation, privatisation, corruption, and continuity (Caiden, 1989 : 60).

Previous budget reforms have concentrated first on setting up the budgetary cycle, and second, on reforming its routines in the direction of planning and analysis. The failure of this second set of reforms may be related to their continued reliance on a cyclical, centralized budget pattern, which is in many cases now obsolescent and dysfunctional. The problem for budget reformers is to find some way of achieving budgetary objectives in decentralized continuous systems. The emphasis of future budget reform is therefore likely to be on gaining control of relatively autonomous and dispersed systems through appropriate periodic interventions : on strengthening the capacity of financial management rather than relying on annual decision-making; and on establishing acceptable criteria for public financial responsibility and performance.
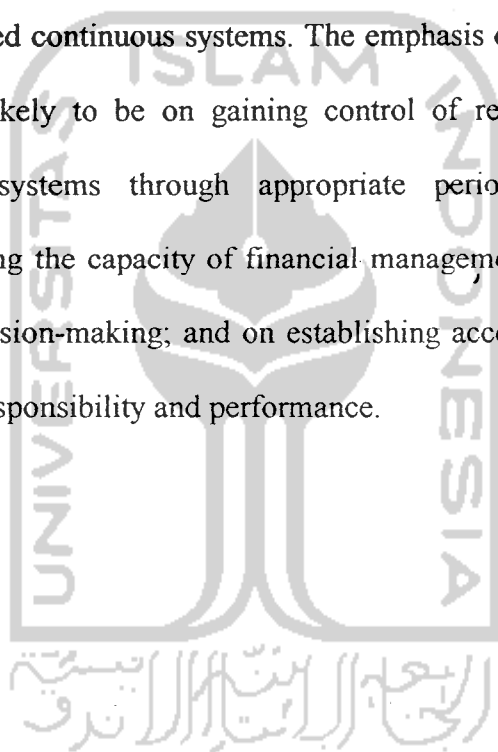
CHAPTER III
PT. INDUSTRI SANDANG NUSANTARA
UNIT PATAL SECANG

3.1. HISTORICAL BACKGROUND

The development of this company began in 1962 from the loan of England Government. At first, the development organized by LEPPIN KARYA YASA, in 1965 KOPTOSAN (Komando Proyek Sandang) Departemen Perindustrian Tekstil took the control of this project.

From 1967 until 1978 this company was under the authority of P.N. INDUSTRI SANDANG, and from 1978 until 2000, P.N. INDUSTRI SANDANG divided into:

1. PT. Industri Sandang I
2. PT. Industri Sandang II

PT Industri Sandang I, which has head quarter in Jakarta controls:

1.	Pabriteks Senayan	Jakarta
2.	Patal Cipadang	Bandung, West Java
3.	Patal Banjaran	Bandung, West Java
4.	Patal Bekasi	Bekasi, West Java
5.	Patal Palembang	Palembang, South Sumatera

PT Industri Sandang II, which has head quarter in Surabaya controls:

1.	Patal Tohpati	Denpasar, Bali
2.	Patal Grati	Pasuruan, East Java
3.	Patal Lawang	Lawang, East Java
4.	Patal Secang	Magelang, Central Java
5.	Patun Maduateks	Kamal, Madura
6.	Patun Makteks	Ujung Pandang, South Sulawesi

Based on Keppres RI. No. 14 / 1983, since 1 January 1982, Perusda Sandang Jateng integrated into PT. industri Sandang II, consists of:

1. Patal Cilacap   Cilacap, Central Java
2. Pabriteks Tegal   Tegal,   Central Java
3. Patun Muriateks   Kudus,   Central Java
4. Patun Infiteks   Ceper,   Central Java

In 22 May 2000, PT Industri Sandang I merged with PT. Industri Sandang II. Because of that PT. Industri Sandang II changed to PT. Industri Sandang Nusantara.

The production units of PT. industri Sandang Nusantara is as follows :

1. Patun Makateks   Ujung Pandang, South Sulawesi
2. Patun Tohpati   Denpasar, Bali
3. Patal Grati   Pasuruan, East Java
4. Patal Lawang   Lawang, East Java
5. Patal Secang   Sedang, Central Java
6. Patal Cilacap   Cilacap, Central Java
7. Pabriteks Tegal   Tegal, Central Java
8. Patal Karawang   Karawang, West Java
9. Patal Bekasi   Bekasi, West Java
10. Patal Banjaran   Banjaran, West Java
11. Patal Cipadung   Cipadung, West Java

3.2. VISION AND MISSION

3.2.1. VISION

PT. Industri Sandang Nusantara is a government company specialized in textile industry, which has competitive advantage in global market and friendly environment among society.

3.2.2. MISSION

- To increase the efficiency and productivity in every single step to overcome the competition in textile industry.
- To get benefit from textil industry.
- To provide good maintenance in machine and supporting tools.
- To increase the employee prosperity.
- To give the best performance to the stakeholders.

The Steps :

a   Increase the product competitive advantage in global market.

b   Increase the growth of company's performance.

c   Increase the effectivity of puschasing goods and service in order to increasing the efficiency.

d   Increase the efficiency in financial management.

e   Increase the managerial skill.

f   Increase the service to customers and environment.

g   Increase the partnership with small industry.

To support the vision and mission above, the board of management has made some policies, which are :

1. Organization of the Company

   Restructurize the organization and merge some job in order to made effectivity.

2. Production Infrastructure

   Modify the old machine to increase the productivity of the company.

3. Administration

   Develop the new administration system to support the company's policy.

4. Human Resource

   Recruit selected people, to be new employee.

5. Marketing

Develop the marketing system. The production unit can be also the marketing unit.

3.2.3 QUALITY IS A MAIN PRIORITY

- The product output from PATAL SECANG has their own standard or quality guarantee based on the market demand. Based on that, PATAL SECANG get ISO 9002 certificate.
- Product quality guarantee start from the selection of raw material, production procest, untill the final product and continued during the product exist in the market.
- To keep the stability of quality whether in local or global market, the board of management has made several policies.
- Only purchase good raw material
- Good maintenance for the machine and supporting tools.
- Complete the laboratory equipment to support the test of product quality in every single production process.
- Increase the knowledge and ability of employee through the education and courses.

3.3. PRODUCTION OUTPUT AND MARKET AREA

1. Production Output

The production output from Patal Secang is woven cotton thread (rayon and polyester).

2. Raw Material

The headquarter provides all raw materials. They purchase it from local area.

3. Market Output

Patal Secang market area includes local and International market.

Local Market :   - Magelang

- Solo

- Pekalongan

- Bandung

- Surabaya

International Market :- Portugal

- Phillipines

- Taiwan

3.4. COMPANY LOCATION

Patal Secang lies in Kecamatan Secang, Magelang, Central Java.

The reasons behind the company location are as follows :

1. Technical reasons :

   a Secang has a good geographical location, a triple intersection.

     North : To Semarang

     West : To Temanggung and Wonosobo

     South : To Magelang, Yogyakarta, and Purworejo.

   b Lack of field work surrounding Secang area, so it makes easier to get employee.

   c The weather in Secang gives good effect to the company.

   d Easy to get water, which is very important to the company.

2. Social Reason

   a Decreasing the rate of urbanisation.

   b Giving a mutualism simbiose between the company and the land owner.

3. Economical Reason

The succeed of this company means :

   a To decrease the cotton import.

b   Strengthen national clothing industry.

c   Wide area production market.

3.5 ORGANIZATION STRUCTURE

ORGANIZATION STRUCTURE

PT. INDUSTRI SANDANG NUSANTARA

UNIT PATAL SECANG

```
                        GENERAL MANAGER
                              |
   ┌──────────────┬───────────┼─────────────┬──────────────┐
GENERAL      PRODUCTION    TECHNICAL      HEALTH
AFFAIR AND    MANAGER       MANAGER       MANAGER
FINANCIAL
MANAGER
                         MARKETING
                          MANAGER

                      GENERAL MANAGER
                           AND
                        FINANCIAL
                         MANAGER
                              |
  ┌────────────┬────────────┬────────────┬────────────┐
HUMAN       GENERAL     FINANCIAL    ACCOUN       LOGISTIC
RESOURCE    DIVISION    DIVISON      TING         DIVISON
DIVISION                             DIVISION
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| ADMIN. RESOURCE | PROSPERITY | INTERNAL AFFAIR | ADMIN | SECURITY | VERIFICATION | CASHIER | ACCOUNTING | AFK | PURCHASING | WAREHOUSE |

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                        │    MANAGER      │
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      ┌──────────────────────────┼──────────────────────────┐
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┌──────────────────┐   ┌──────────────────┐      ┌──────────────────┐
│ PP.1 ; PP.2 ;    │   │   MAINTENANCE    │      │    PPQ & QA      │
│ PP.3 ; PP.4      │   │    DIVISION      │      │    DIVISION      │
│   DIVISION       │   └──────────────────┘      └──────────────────┘
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| PRE SPIN 1-4 | SPIN NING 1-4 | FINIS HING 1-4 | PRE SPIN NING | SPIN NING | FINIS HING | PROD. ADM. | LAB |

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                        │    TECHNICAL    │
                        │    MANAGER      │
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│  REPAIR / AC     │                          │   DIESEL AND     │
│    DIVISION      │                          │   ELECTRICITY    │
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REPAIR    AC                                  │     DIESEL       │
                                              │      AND         │
                                              │   ELECTRICITY    │
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        │     HEALTH      │
        │    MANAGER      │
        └─────────────────┘
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        │   POLYCLINIC    │
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        ┌─────────────────┐
        │   MARKETING     │
        │    MANAGER      │
        └─────────────────┘
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     ┌───────────┴───────────┐
┌─────────────┐        ┌─────────────┐
│  SELLING    │        │             │
│   ADM       │        │   SELLING   │
└─────────────┘        └─────────────┘
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3.6. THE ACTIVITY

Generally, Patal Secang made thread which is used in local and international market.

The production capacity of Patal Secang is 85.171 Bale per day. The machenies are imported from England, Germany, and Japan.

These are the flow process of thread making :

3.6.1. COTTON

BLOWING	CARDING	DRAWING I	DRAWING II	SPEED	R.S.F	A.W.

3.6.2. RAYON

PRE SPINNING	BLOWING	DRAWING I	DRAWING II	SPEED	R.S.F	A.W.

3.6.3. POLYESTER / RAYON

LAY DOWN P.R.	BLOWING CARDING CROSROL	DRAWING I	DRAWING II	SPEED	R.S.F	A.W.
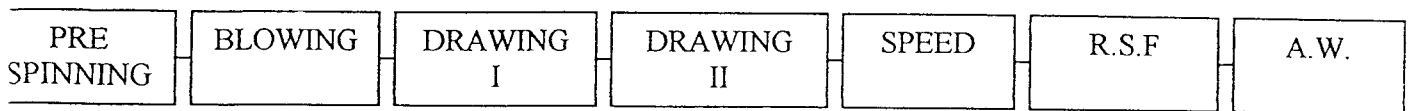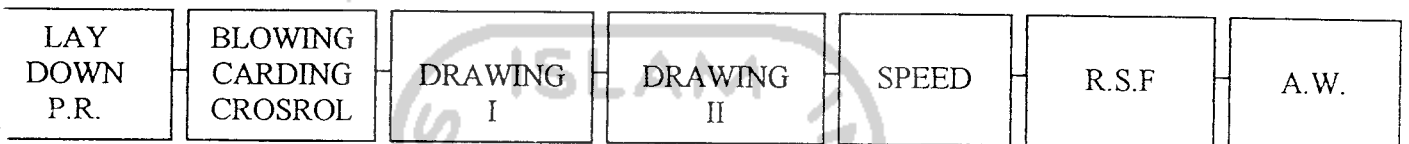
3.6.4. THE MACHINE FUNCTION (GLOBALLY)

BLOWING

Functions :

a. To mix the fiber.

b. To open the fiber clod.

c. To clean up the dirty in fiber.

d. To make the clod.

CARDING

Functions :

a. To open the fiber clod (more details).

b. To clean up the dirty in fiber clod.

c. To separate the clod into two pieces (long and short).

d. To change the clod become sliver.

DRAWING

Functions :

a. To double the sliver.

b. To straighten the clod inside the sliver.

c. To adjust the sliver.

SPEED

Functions :

a. To change sliver become roving.

b. To roll the roving into bobbin.

RING SPINNING

Functions :

a. To change roving becomes thread.

b. To give anthihan to the thread.

c. To roll the thread into the tube.

FINISHING

Functions :

a. To change the shape of the thread, from tube into cone.

b. To avoid thread from dirty.

3.6.5. PRODUCTION WORKING SYSTEM

- Working System   : 4 group / 3 shift
- Total working day/year : 344 days
- Working houp / day   : 24 hours

3.6.6. RAW MATERIAL

TYPE	MINIMUM STOCK
– Cotton	60 days of working hours
– Polyester	Polyester and Rayon 12 days of working hours
– Rayon	

3.6.7. MARKETING

Sales Policy :

- Sales System : Cash, Credit and Export
- Export Price Sales : Equal with local price sales
- Credit Price Sales : Local price sales + 5 % of interest

Export Destination Countries :

- Korea
- Italy
- Spain
- Thailand
- Malaysia

3.6.8. PRODUCTION PROCESS

Production Process Flow

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        ┌─────────────────┐
        │  CARPED LINE    │
        └─────────────────┘
                │
        ┌─────────────────┐
        │  RAW MATERIAL   │
        └─────────────────┘
                │
        ┌─────────────────┐
        │    BLOWING      │
        └─────────────────┘
                │
        ┌─────────────────┐
        │    CARDING      │
        └─────────────────┘
                │
        ┌─────────────────┐
        │  PRE DRAWING    │
        └─────────────────┘
                │
        ┌─────────────────┐
        │     SPEED       │
        └─────────────────┘
                │
        ┌─────────────────┐
        │  RING SPINNING  │
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                │
        ┌─────────────────┐
        │     WINDER      │
        └─────────────────┘
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        ┌─────────────────┐
        │    PACKING      │
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        │    STORAGE      │
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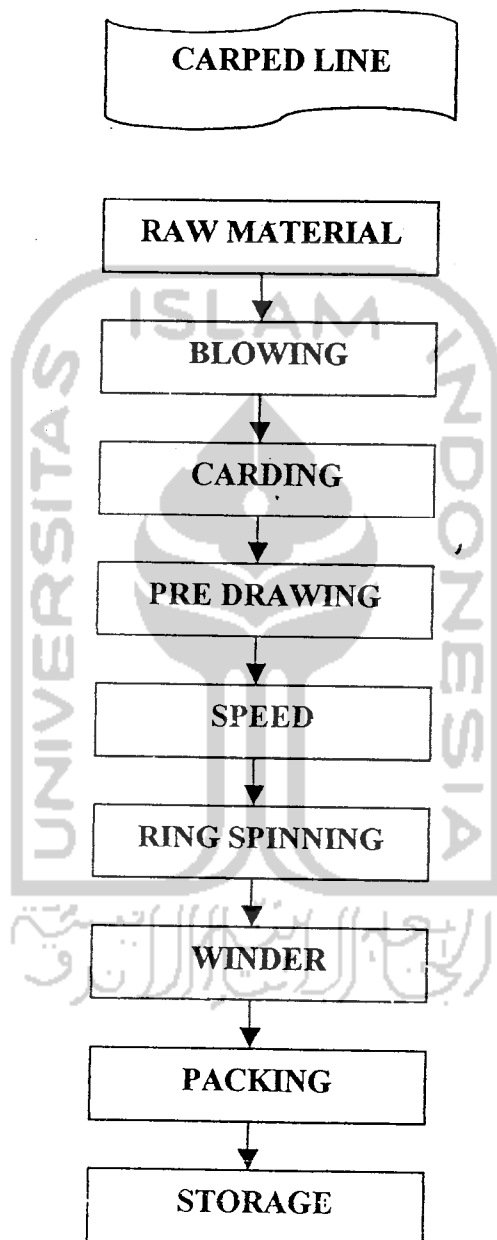
CHAPTER IV

DATA ANALYSIS

4.1. Budget Data Description

On business operational, management of PT Industri Sandang Nusantara Unit Patal Secang always evaluates corporate performance for a year as a basic for next a year budgeting. As 1997 – 2002, management has developed a budgeting system that created annually and classified as four budgets according to four main division that available on corporate organization structure, those are:

- marketing division

- finance and general division

- production division

- technique division

The trend cost budget that created to all divisions can be explained, as follows:

Figure 4.1.
Trend Budget for Marketing Division
For 1997 – 2002 (on Rupiahs)
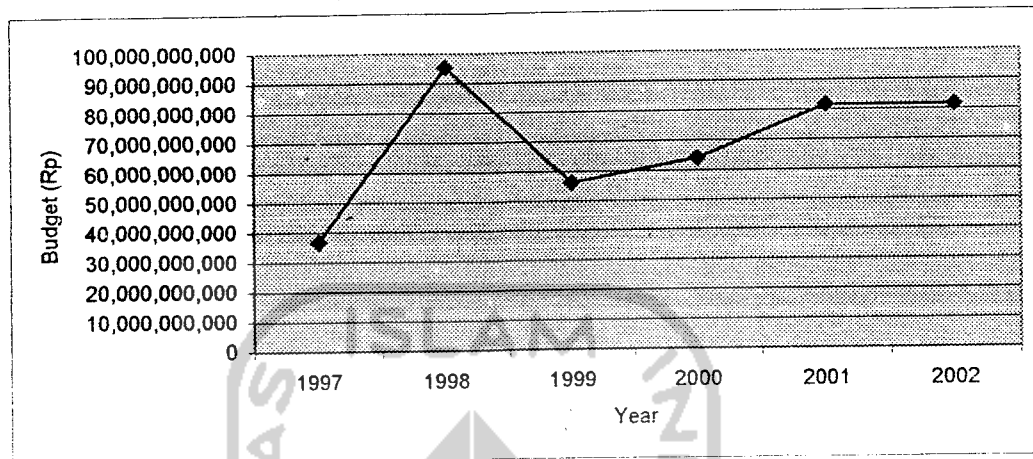
Cost budget that allocated to marketing division for 1997 – 2002 shows a fluctuative trend. The highest value of marketing budget achieved in 1998 as Rp 95.229.159.780, while on 1997 cost budget of marketing division has a smallest value as Rp 36.770.223.788.

In 1998, cost budget of marketing division has a significant growth as Rp 58.458.935.992 that is change from previous year as Rp 36.770.223.788 increases as Rp 95.229.159.780. It is caused by management assumption that crisis factor makes a significant increase on marketing cost. In order to adjust market cost increasing, management tries to state marketing cost budget higher than before. Then, in 1999 because of the condition is relatively normal, management have decreases marketing cost budget than before.

Figure 4.2.
Trend Budget for Finance and General Division
For 1997 – 2002 (on Rupiahs)
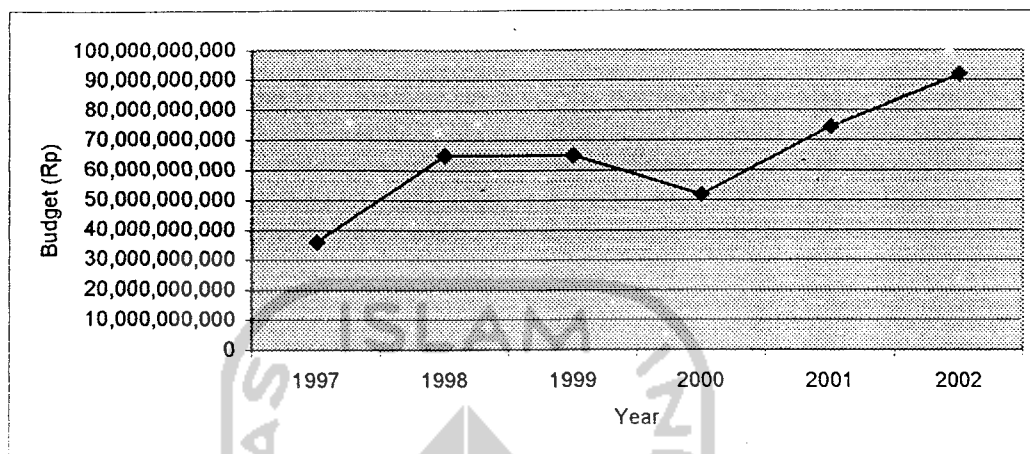
The value of cost budget that allocated for finance and general division

for 1997 – 2002 also shows a fluctuative trend too. The highest value of

finance and general division achieved in 2002 as Rp 91.949.809.000, while

in 1997 cost budget of finance and general division has a smallest value as

Rp 35.965.567.000.

In 2000, cost budget of finance and general division have a significant

decreasing as Rp 13.208.512.000 that is changes from previous year as Rp

65.074.296.000 decreased to Rp 51.865.784.000. That was an effect of

efficiency policy that try to be applied by management. For this purpose,

management tries to make a tight budget, especially for section that are not

related directly with marketing, like finance and general division, production

and technique. While in 2002, cost budget of finance and general division

have a significant growth. It is caused by management assumption that after

crisis period, global condition in Indonesia will have more growth as

economy recovery result. Recovery will give a better prospect on business chance, so it must be responsed by growth strategic that will need more financial resources.

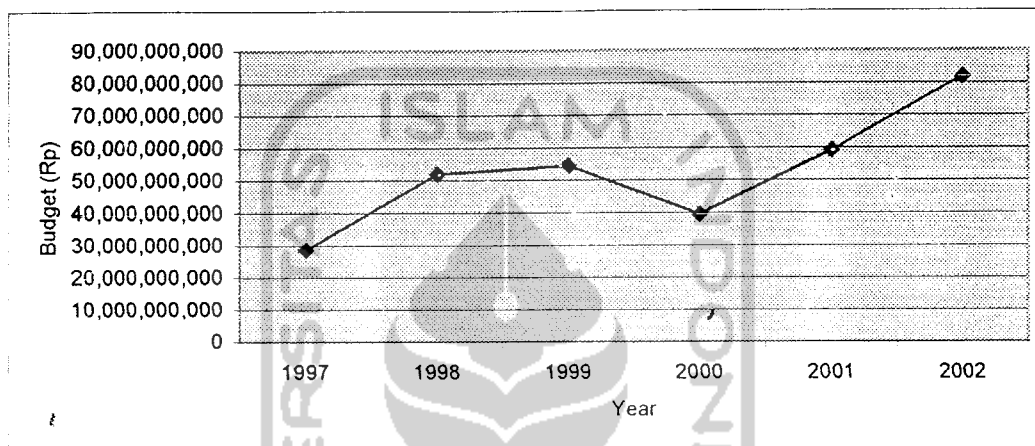Figure 4.3.
Trend Budget for Production Division
For 1997 – 2002 (on Rupiahs)

The value of cost budget that allocated for production division for 1997 – 2002 shows a fluctuative trend too. The highest value of production division achieved in 2002 for Rp 81.929.688.008, while in 1997 cost budget of production division has a smallest value as Rp 28.599.076.000.

In 2000, cost budget of production division has a significant decreasing to Rp 15.023.817.000 it was change from previous year as Rp 54.531.935.000 and decrease as Rp 39.508.118.000. That is an effect of efficiency policy that try to be applied by management. For this purpose, management tries to make a tight budget, especially for section that was not related directly with marketing, like production, finance and general division and technique. While in 2002, cost budget of production division has a

significant growth. It is caused by management assumption that after crisis

period, global condition in Indonesia will have higher growth as economy

recovery result. Recovery will give a better condition on market, that can

increase demand and production to fill it .

Figure 4.4.
Trend Budget for Technique Division
For 1997 – 2002 (on Rupiahs)
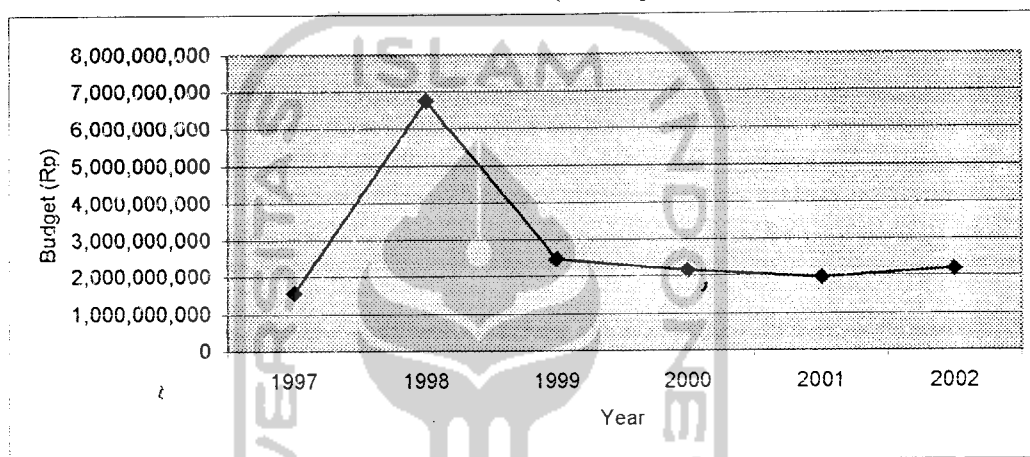
The value of cost budget that allocated for technique division in 1997

– 2002 shows a fluctuative trend too. The highest value of technique

division achieves in 1998 is Rp 6.756.159.000, while in 1997 cost budget of

technique division has a smallest value which is Rp 1.561.283.000.

In 1998, cost budget of technique division has a significant growth

which is Rp 5.194.876.000, it was changed from previous year from Rp

1.561.283.000 increased to Rp 6.756.159.000. It is caused by management

assumption that crisis factor makes a significant increasing on technique

cost, like production machine price, spare parts cost and maintenance cost.

The fluctuation that occurred gave a description about corporate business dynamic that relatively unstabile. In 1997, the value of marketing cost budget has a high increasing, but it was not be followed years after. After had been declined significantly in 1999, value of cost budget on 2000 – 2002 have a positive growth although growth value relatively small.

It was related with market aspect that developed for 1997 – 2002. The corporate sales omset had a significant increasing for 1997 – 1998. But, tight competition on this industry made corporate sales omset tend to decline. The condition occurred on this marketing aspect had a material effect to other division, like finance and general, production and technique.

4.2. Comparison Budget and Realization

The result of comparison between budget that created by management with business performance realization can be explained, as follows:

Table 4.1.
Comparison Between Budget and Realization
For 1997 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) – (b)
Marketing Division	36,770,223,788.00	31,789,537,667.50	4,980,686,120.50
Finance and General Division	35,965,567,000.00	30,989,848,938.54	4,975,718,061.46
Production Division	28,599,076,000.00	25,020,472,282.72	3,578,603,717.28
Technique Division	1,561,283,000.00	811,645,067.49	749,637,932.51
	102,896,149,788.00	88,611,503,956.25	14,284,645,831.75

Source: Company Data, 1997

Table 4.1 describes about comparison between cost budget value for all division with cost realization that occurred in 1997. Performance of cost realization for all division shows that is about Rp 14.284.645.831,75 surplus. The surplus comes from cost realization that lower than budget which has been made. The surplus of marketing division had highest value, that is Rp 4.980.686.120,50, while smallest surplus value created by technique division, that is 749.637.932,51.

Figure 4.5.
Comparison Between Budget and Cost Realizaion for All Division
on 1997 (on Rupiahs)

Table 4.2.
Comparison Between Budget with Realization
On 1998 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) – (b)
Marketing Division	95,229,159,780.00	81,195,562,499.00	14,033,597,281.00
Finance and General Division	65,074,296,000.00	55,868,976,844.12	9,205,319,155.88
Production Division	52,035,987,000.00	66,920,780,191.62	-14,884,793,191.62
Technique Division	6,756,159,000.00	5,153,545,839.23	1,602,613,160.77
	219,095,601,780.00	**209,138,865,373.97**	**9,956,736,406.03**

Source: Company Data, 1998

Table 4.2 describes about comparison between cost budget value that creates to all division with their cost realization that occurred in 1998. Performance of cost realization to all division shows that is about Rp 9.956.736.406,03 surplus. The surplus comes from cost realization that lower than budget that created to marketing, finance and general and technique. While, production division has a deficit. The surplus for marketing division is higher than others, that is about Rp 14.033.597.281, while a deficit created by production division, that is Rp 14.884.793.191,62.

Figure 4.6.
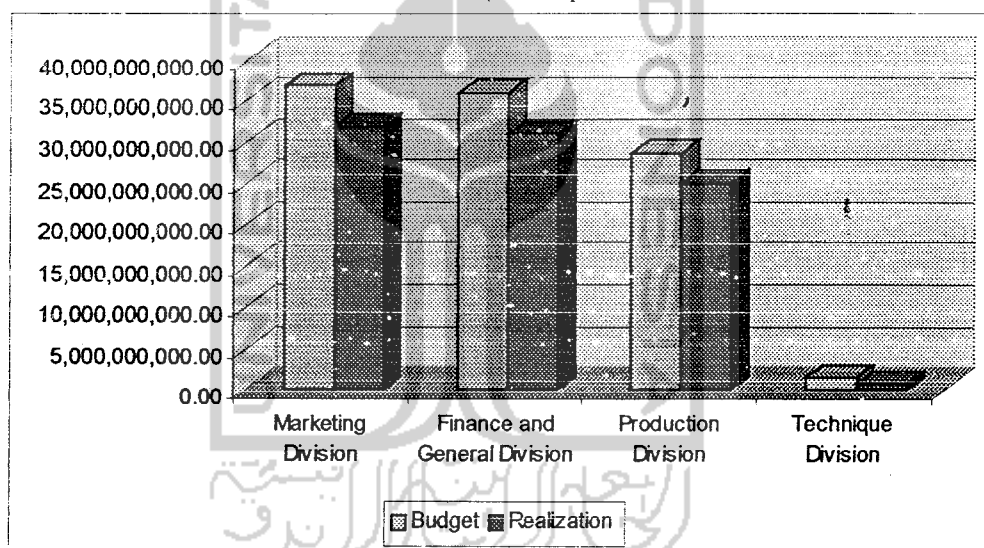Comparison Between Budget and Realization for All Division
On 1998 (on Rupiahs)
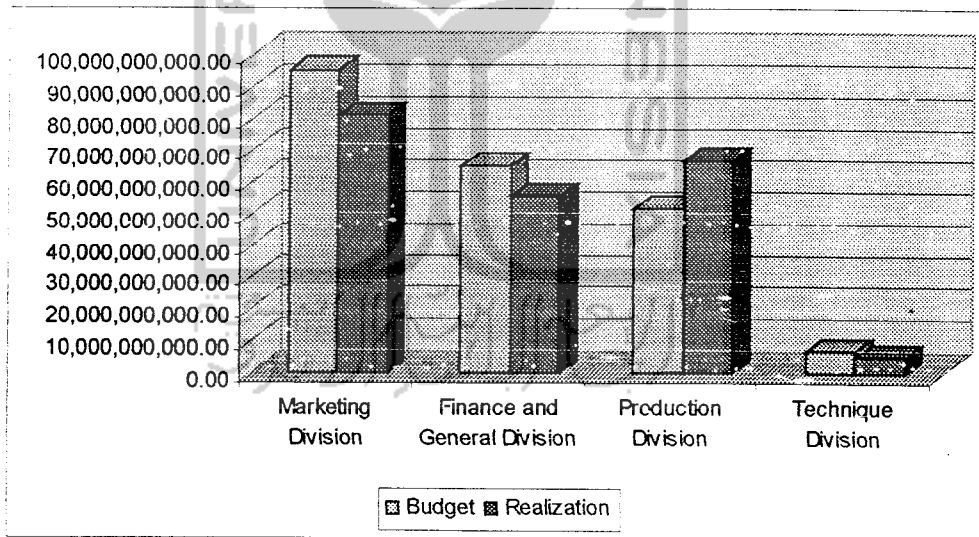
Table 4.3.
Comparison Between Budget with Realization
On 1999 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) – (b)
Marketing Division	56,182,527,000.00	63,802,328,246.84	-7,619,801,246.84
Finance and General Division	65,074,296,000.00	55,868,976,844.12	9,205,319,155.88
Production Division	54,531,935,000.00	46,692,446,313.25	7,839,488,686.75
Technique Division	2,484,568,000.00	2,484,576,000.00	-8,000.00
	178,273,326,000.00	**168,848,327,404.21**	**9,424,998,595.79**

Source: Company Data, 1999

Table 4.3 describes about comparison between cost budget that creates by all division with cost realization that occurred in 1999. Performance of cost realization to all division shows that is about Rp 9.424.998.595,79 surplus. The surplus comes from cost realization that lower than budget which have been made by finance and general division and production division. While, marketing and technique division have deficit. The surplus on finance and general division has a highest value, that is Rp 9.205.319.205, while deficit created by production division, is Rp 14.884.793.191,62.

Cost budget for marketing division has highest negative variance than other division. It was caused in 1999, management has developed new marketing tools like: add partners for product distribution track, improvement on transportation and increase promotion activities.

Figure 4.7.
Comparison Between Budget and Realization to All Division
On 1999 (on Rupiahs)

Table 4.4.
Comparison Between Budget with Realization
On 2000 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) − (b)
Marketing Division	63,907,188,000.00	54,967,979,536.00	8,939,208,464.00
Finance and General Division	51,865,784,000.00	53,906,256,579.19	-2,040,472,579.19
Production Division	39,508,118,000.00	43,032,854,779.34	-3,524,736,779.34
Technique Division	2,159,122,000.00	1,938,413,769.38	220,708,230.62
	157,440,212,000.00	**153,845,504,663.91**	**3,594,707,336.09**

Source: Company Data, 2000

Table 4.4 describes comparison between cost budget value that creates by all divisions with cost realization that is occurred in 2000. Performance of cost realization to all divisions shows that is about Rp 3.594.707.336,09 surplus. The surplus comes from cost realization that lower than budget that created by marketing and technique division. While, finance and general division and production division have deficit. The surplus to marketing division has a highest value, that is Rp 8.939.208.464, while highest deficit achieved by production division about Rp 3.524.736.779,34.

Figure 4.8.
Comparison Between Budget with Realization for All Division
On 2000 (on Rupiahs)

Table 4.5.
Comparison Between Budget with Realization
On 2001 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) – (b)
Marketing Division	81,461,147,000.00	40,954,607,869.41	40,506,539,130.59
Finance and General Division	74,371,986,000.00	41,572,240,204.00	32,799,745,796.00
Production Division	59,139,578,000.00	26,186,037,180.00	32,953,540,820.00
Technique Division	1,958,689,000.00	3,288,595,192.00	-1,329,906,192.00
	216,931,400,000.00	112,001,480,445.41	104,929,919,554.59

Source: Company Data, 2001

Table 4.5 describes about comparison between cost budget with cost realization that occurred in 2001. Performance of cost realization to all division shows that is about Rp 104.929.919.554,59 surplus. The surplus comes from cost realization that lower than budget that is created by marketing division, finance and general division and production division. The technique division had a deficit. The surplus in marketing division has a highest value, that is Rp 40.506.539.130,59, while highest deficit achieved by technique division about Rp 1.329.906.190.

The surplus is an effect of budget realization policy that stated by management in order to make an efficiency toward all sections of business operational. To anticipate the market condition that does not show a good prospect, the business operational cost must be tightened in order to keep the company runs well.

Figure 4.9.
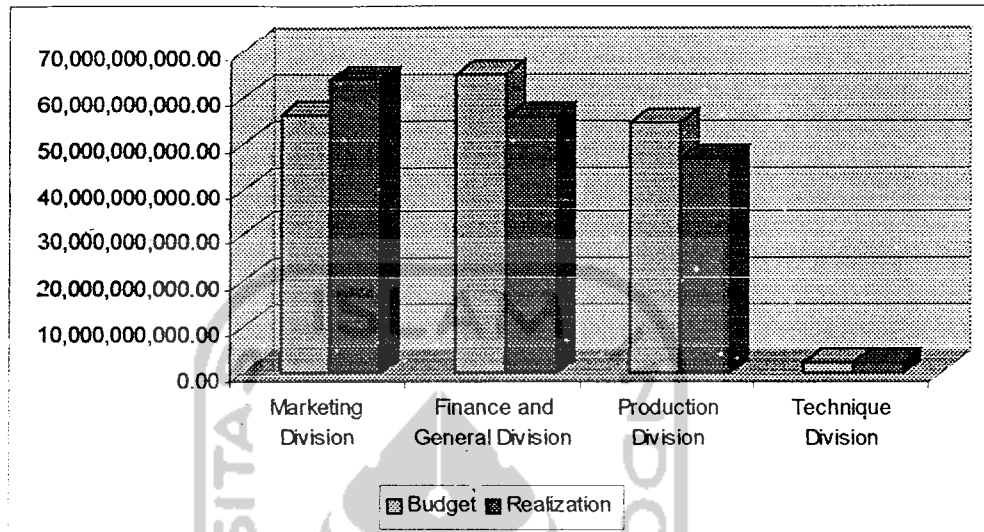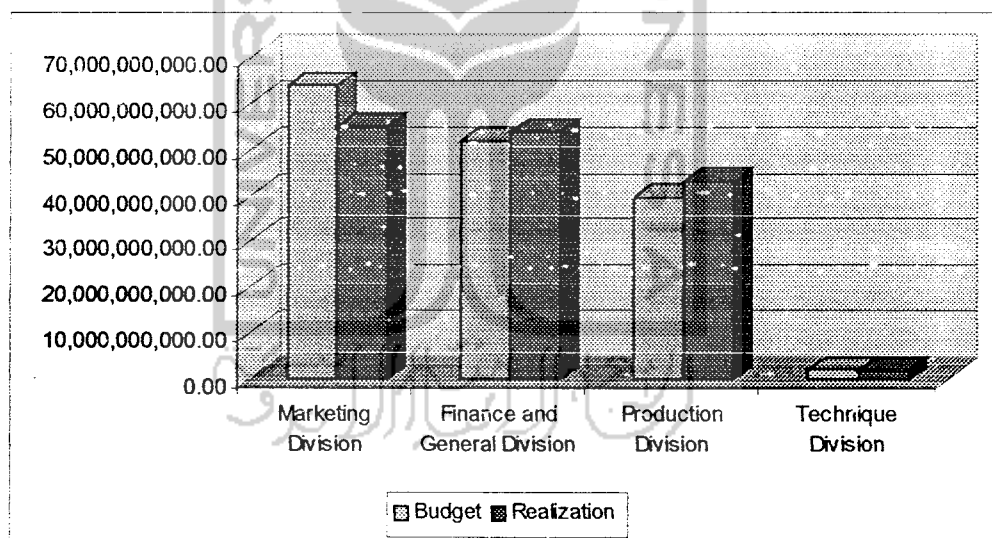Comparison Between Budget with Realization for All Division
On 2001 (on Rupiahs)
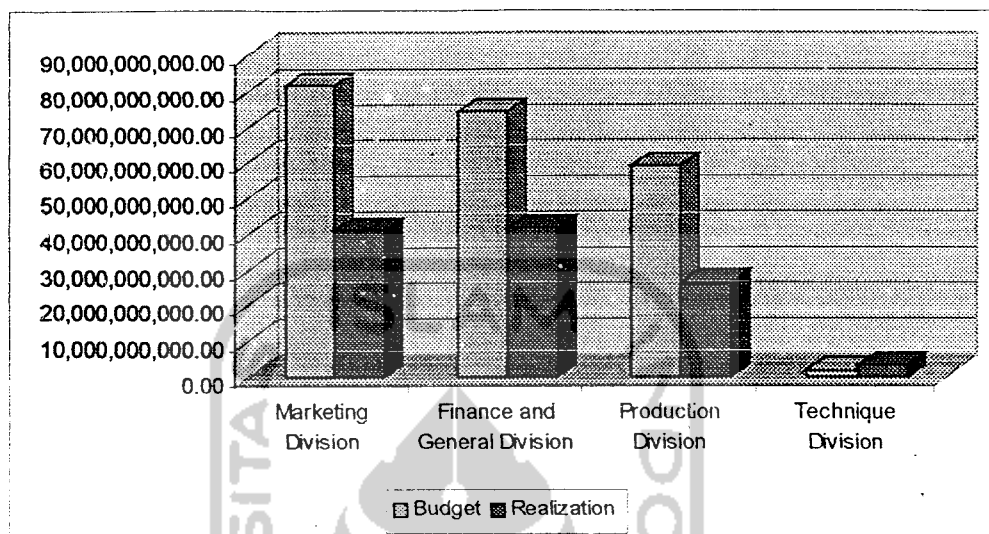
Table 4.6.
Comparison Between Budget with Realization
On 2002 (on Rupiahs)

	Budget (a)	Realization (b)	Variance (c) = (a) – (b)
Marketing Division	81,638,754,005.00	34,708,433,207.40	46,930,320,797.60
Finance and General Division	91,949,809,000.00	35,888,787,782.00	56,061,021,218.00
Production Division	81,929,688,008.00	31,752,862,952.00	50,176,825,056.00
Technique Division	2,187,782,000.00	1,081,209,213.00	1,106,572,787.00
	257,706,033,013.00	103,431,293,154.40	154,274,739,858.60

Source: Company Data, 2002

Table 4.6 describes about comparison between cost budget with cost realization that occurred in 2002. Performance of cost realization to all division shows that is about Rp 154.274.739.858,60 surplus. The surplus

comes from cost realization that lower than budget that created by all division. The finance and general division has a highest surplus. The surplus in marketing division has a highest value, that is Rp 56.061.021.218, while lowest deficit achieved by technique division about Rp 1.106.572.787.

The surplus is an effect of budget realization policy that stated by management in order to make an efficiency toward all sections of business operational.

Figure 4.10.
Comparison Between Budget with Realization for All Division
On 2002 (on Rupiahs)
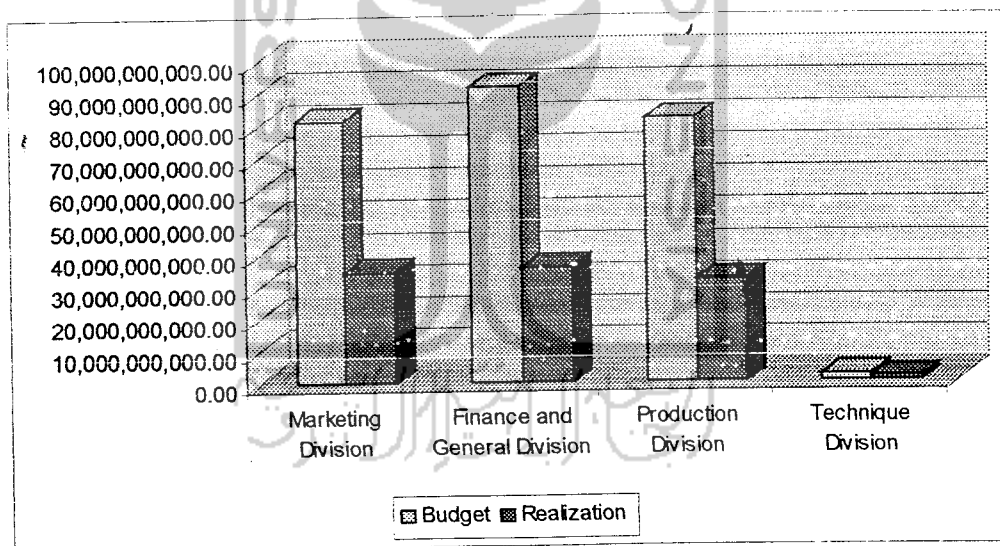
4.3. Test of Significance of Differences Between Budget and Realization

To know about significancy of differences between cost budget with cost realization to 1997 – 2002, a statistic examination using *Paired Sample T-Test* is conducted. The *Paired Sample T-Test* is conducted to examine whether there is a significant differences between cost budget with cost realization to all division for 1997 – 2002 or not.

The test of significance conducted by comparing between budget and realization datas year by year, as follows:

Table 4.7.
Data Recapitulation for Test
Between Budget with Realization
Year by Year (on Rupiahs)

Division	Year of 1997		Year of 1998	
	Budget (Rp)	Realization (Rp)	Budget (Rp)	Realization (Rp)
Marketing Division	36,770,223,788	31,789,537,668	95,229,159,780	81,195,562,499
Finance & General Division	35,965,567,000	30,989,848,939	65,074,296,000	55,868,976,844
Production Division	28,599,076,000	25,020,472,283	52,035,987,000	66,920,780,192
Technique Division	1,561,283,000	811,645,067	6,756,159,000	5,153,545,839

Division	Year of 1999		Year of 2000	
	Budget (Rp)	Realization (Rp)	Budget (Rp)	Realization (Rp)
Marketing Division	56,182,527,000	63,802,328,247	63,907,188,000	54,967,979,536
Finance & General Division	65,074,296,000	55,868,976,844	51,865,784,000	53,906,256,579
Production Division	54,531,935,000	46,692,446,313	39,508,118,000	43,032,854,779
Technique Division	2,484,568,000	2,484,576,000	2,159,122,000	1,938,413,769

Division	Year of 2001		Year of 2002	
	Budget (Rp)	Realization (Rp)	Budget (Rp)	Realization (Rp)
Marketing Division	81,461,147,000	40,954,607,869	81,638,754,005	34,708,433,207
Finance & General Division	74,371,986,000	41,572,240,204	91,949,809,000	35,888,787,782
Production Division	59,139,578,000	26,186,037,180	81,929,688,008	31,752,862,952
Technique Division	1,958,689,000	3,288,595,192	2,187,782,000	1,081,209,213

Beside examination model above, test of significance is also conducted by comparing between budget and realization datas for each division, as follows:

Table 4.8.
Data Recapitulation for Test
Between Budget with Realization
For Each Division (on Rupiahs)

Year	Marketing Division		Finance & General Division	
	Budget (Rp)	Realization (Rp)	Budget (Rp)	Realization (Rp)
1997	36,770,223,788	31,789,537,668	35,965,567,000	30,989,848,939
1998	95,229,159,780	81,195,562,499	65,074,296,000	55,868,976,844
1999	56,182,527,000	63,802,328,247	65,074,296,000	55,868,976,844
2000	63,907,188,000	54,967,979,536	51,865,784,000	53,906,256,579
2001	81,461,147,000	40,954,607,869	74,371,986,000	41,572,240,204
2002	81,638,754,005	34,708,433,207	91,949,809,000	35,888,787,782

Year	Production Division		Technique Division	
	Budget (Rp)	Realization (Rp)	Budget (Rp)	Realization (Rp)
1997	28,599,076,000	25,020,472,283	1,561,283,000	811,645,067
1998	52,035,987,000	66,920,780,192	6,756,159,000	5,153,545,839
1999	54,531,935,000	46,692,446,313	2,484,568,000	2,484,576,000
2000	39,508,118,000	43,032,854,779	2,159,122,000	1,938,413,769
2001	59,139,578,000	26,186,037,180	1,958,689,000	3,288,595,192
2002	81,929,688,008	31,752,862,952	2,187,782,000	1,081,209,213

The formula that used to examine t – test can be explained, as follow:

$$T_{count} = \frac{(\overline{x_1} - \overline{x_2})}{sd\sqrt{1/n_1 + 1/n_2}}$$

Notes :

X_1 = Cost Budget Datas

X_2 = Cost Realization Datas

Sd = standard deviation

n = Total Datas

The *Paired Sample T-Test* conducted by statistic software *SPSS for windows versi 10,* and the result can be explained, as follows:

Table 4.9
Result of *Paired Sample T-Test*
Cost Budget and Cost Realization
for 1997 – 2002 (on Rupiahs)

	T count	T table	Significancy
Budget – Realization on 1997	3,583	2,353	0,037
Budget – Realization on 1998	0,393	2,353	0,720
Budget – Realization on 1999	0,605	2,353	0,588
Budget – Realization on 2000	0,322	2,353	0,768
Budget – Realization on 2001	2,802	2,353	0,068
Budget – Realization on 2002	3,054	2,353	0,055

Source : Data Proceed

Table 4.9 explains the result of *Paired Sample T-Test* that is conducted toward cost budget value and its realization for 1997 – 2002. As a comparison toward budget and its realization on 1997 the result of t_{count} is 3,583. Because the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there is a significant difference between budget value and its realization in 1997.

In 1998, comparison between budget and its realization result of t_{count} is 0,393. Because the value of $t_{count} < t_{table}$ (2,353), so it can be concluded

that there is no significant difference between budget value and its realization in 1998.

In 1999, comparison between budget and its realization result of t_{count} is 0,605. Because the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there is no significant difference between budget value and its realization in 1999.

In 2000, comparison between budget and its realization result of t_{count} is 0,322. Because the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there is no significant difference between budget value and its realization in 2000.

In 2001, comparison between budget and its realization result of t_{count} is 2,802. Because the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there is a significant difference between budget value and its realization in 2001.

In 2002, comparison between budget and its realization result of t_{count} is 3,054. Because the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there is a significant difference between budget value and its realization in 2002.

Test results shows that there are significant differences for budget value and its realization in 1997, 2001 and 2002. It means in 1997, 2001 and 2002 the realization values are very different with the budget, it is caused by high increasing on realization or high decreasing on realization.

Table 4.10.
Result of *Paired Sample T-Test*
Budget and Realization to All Division
1997 – 2002 (on Rupiahs)

Comparison Budget – Realization to All Division	T count	T table	Significancy
Marketing Division	2,066	2,015	0,094
Finance and General Division	2,057	2,015	0,095
Production Division	1,281	2,015	0,257
Technique Division	0,936	2,015	0,392

Source : Data Proceed

Table 4.8 explains about result of *Paired Sample T-Test* that is conducted to cost budget and its realization to all divisions for 1997 – 2002. As a comparison toward budget and its realization for marketing division, the result of t_{count} is 2,066. Because the value of $t_{count} > t_{table}$ (2,015), so it can be concluded that there is a significant difference between budget value of marketing division and its realization for 1997 - 2002.

As a comparison toward budget and its realization for finance and general division, the result of t_{count} is 2,057. Because the value of $t_{count} > t_{table}$ (2,015), so it can be concluded that there is a significant difference between budget value of finance and general division and its realization for 1997 - 2002.

As a comparison toward budget and its realization for production division, the result of t_{count} is 1,281. Because the value of $t_{count} < t_{table}$ (2,015), so it can be concluded that there is no significant difference between budget value of production division and its realization for 1997 - 2002.

As a comparison toward budget and its realization for technique division, the result of t_{count} is 0,936. Because the value of $t_{count} < t_{table}$ (2,015), so it can be concluded that there is no significant difference between budget value of technique division and its realization for 1997 - 2002.

Test results shows significant differences for budget value and its realization for marketing division and finance and general division. It means that marketing division and finance and general division has realization values that are very different with the budget, It is caused by high increasing on realization or high decreasing on realization.

Based on cost realization datas to all divisons as explained above, so it can be concluded that there is a tend that budgeting process have not effective yet. This is indicated by tend of cost variance that relatively significant for year 1997 – 2002, especially for marketing division and finance and general division.

The significant variance between cost budget with its realization shows a weakness on managerial, especially that related with coordination between section, information distribution between section or probability of weakness on system and budgeting procedure. That differencess may be caused by the changes in management policies, like purchasing of new properties and office inventories significantly. That conditions shows that the performance of the company is not good enough especially on management of budget and the realization of it. It is because the management can not prepare annual budget which is suitable with the prediction of the future.

Beside internal problems, the effective or ineffective problems of budgeting can be affected by external factors, like: changes in sales volume, changes in price, increases on salary, changes in activities that related with marketing, human resources development, administration and changes in market share for company products.

Based on that problems, it is necessary for management to make some improvement steps, as follows:

1. Improve the budgeting system and procedure

   Improvement on budgeting system and procedure have to be conducted to improve some steps on budgeting procedures that assumed will be potential factors cause distorsion on budget realization.

2. Increase the intensity and quality of communication between section/ division

   Budgeting system and procedures that have been deigned should be followed by availability of communication mechanism that support intensive interaction and communication between section/ division on company. Because principally information that given by section/ division will be an input for other section/ division. So, if there is a failure for a section/ division to distribute an accurate information, there will be inaccurate information that cause a fatal mistake.

CHAPTER V

CONCLUSION AND SUGGESTION

5.1. Conclusion

The result of the research conducted on budget and its realization on PT. Industri Sandang Nusantara Unit Patal Secang gives conclusion, as follows :

1. *Paired Sample T-Test* toward budget and its realization in 1997 results t_{count} as 3,583. Because value of $t_{count} > t_{table}$ (2,353), so it be can concluded that there is a significant difference between budget with its realizationon 1997. In 2001 and 2002, *Paired Sample T-Test* result t_{count} as 2,802 and 3,054. Because of the value of $t_{count} > t_{table}$ (2,353), so it can be concluded that there are a significant differencess between cost budget value with its realization in 2001 and 2002. In 1998, 1999 and 2000 resulted t_{count} as 0,393, 0,605 dan 0,322. Because $t_{count} < t_{table}$ (2,353), so it can be concluded that there is no a significant differencess between cost budget value with its realization for 1998,1999 and 2000.

2. *Paired Sample T-Test* toward budget and its realization to all division known that test of budget and its realization to marketing division result t_{count} as 2,066. Because value of $t_{count} > t_{table}$ (2,015), so it can be concluded that there is a significant difference between cost budget value of marketing division with its realization for 1997 - 2002. In

finance and general division, comparison between budget and its realization result t_{count} as 2,057. Because value of $t_{count} > t_{table}$ (2,015), so it is concluded that there is a significant differences between cost budget on finance and general division with its realization for 1997 – 2002. But for production division, the comparison between cost budget and its realization result t_{count} as 1,281. Because value of $t_{count} < t_{table}$ (2,015), so it can be concluded that there is no significant difference between cost budget value with its realization for 1997 - 2002. In technique division, comparison between budget and its realization result t_{count} as 0,936. Because value of $t_{count} < t_{table}$ (2,015), so it can be concluded that there is no a significant difference between cost budget and its realization for 1997 - 2002.

5.2. Suggestion

Based on research conclusion above, the researcher can give some suggestion, as follows:

1. To increase effectivity of budgeting, it is necessary for management to make a system and procedure that more acomodative to all section/ division on company. System that designed must be completed with adequate internal control system.

2. Management should have commitment toward previous policies that have been designed. It is necessary because unplanning policies will lead complicated problem and will destroy company's operational system.

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APPENDICES

RECAPITULATION OF BUDGET DATAS

	Year of 1997		
	Budget	Realization	Variance
Marketing Division	36,770,223,788.00	31,789,537,667.50	4,980,686,120.50
Finance and General Division	35,965,567,000.00	30,989,848,938.54	4,975,718,061.46
Production Division	28,599,076,000.00	25,020,472,282.72	3,578,603,717.28
Technique Division	1,561,283,000.00	811,645,067.49	749,637,932.51
	102,896,149,788.00	88,611,503,956.25	14,284,645,831.75

	Year of 1998		
	Budget	Realization	Variance
Marketing Division	95,229,159,780.00	81,195,562,499.00	14,033,597,281.00
Finance and General Division	65,074,296,000.00	55,868,976,844.12	9,205,319,155.88
Production Division	52,035,987,000.00	66,920,780,191.62	-14,884,793,191.62
Technique Division	6,756,159,000.00	5,153,545,839.23	1,602,613,160.77
	219,095,601,780.00	209,138,865,373.97	9,956,736,406.03

	Year of 1999		
	Budget	Realization	Variance
Marketing Division	56,182,527,000.00	63,802,328,246.84	-7,619,801,246.84
Finance and General Division	65,074,296,000.00	55,868,976,844.12	9,205,319,155.88
Production Division	54,531,935,000.00	46,692,446,313.25	7,839,488,686.75
Technique Division	2,484,568,000.00	2,484,576,000.00	-8,000.00
	178,273,326,000.00	168,848,327,404.21	9,424,998,595.79

	Year of 2000		
	Budget	Realization	Variance
Marketing Division	63,907,188,000.00	54,967,979,536.00	8,939,208,464.00
Finance and General Division	51,865,784,000.00	53,906,256,579.19	-2,040,472,579.19
Production Division	39,508,118,000.00	43,032,854,779.34	-3,524,736,779.34
Technique Division	2,159,122,000.00	1,938,413,769.38	220,708,230.62
	157,440,212,000.00	153,845,504,663.91	3,594,707,336.09

	Year of 2001		
	Budget	Realization	Variance
Marketing Division	81,461,147,000.00	40,954,607,869.41	40,506,539,130.59
Finance and General Division	74,371,986,000.00	41,572,240,204.00	32,799,745,796.00
Production Division	59,139,578,000.00	26,186,037,180.00	32,953,540,820.00
Technique Division	1,958,689,000.00	3,288,595,192.00	-1,329,906,192.00
	216,931,400,000.00	112,001,480,445.41	104,929,919,554.59

	Year of 2002		
	Budget	Realization	Variance
Marketing Division	81,638,754,005.00	34,708,433,207.40	46,930,320,797.60
Finance and General Division	91,949,809,000.00	35,888,787,782.00	56,061,021,218.00
Production Division	81,929,688,008.00	31,752,862,952.00	50,176,825,056.00
Technique Division	2,187,782,000.00	1,081,209,213.00	1,106,572,787.00
	257,706,033,013.00	103,431,293,154.40	154,274,739,858.60

THE DATAS FOR T - TEST PER DIVISION
YEAR OF 1997 - 2002

Tahun	B.Pemasaran		B.Keuangan & Umum		B.Produksi		B.Teknik	
	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi
1997	36,770,223,788	31,789,537,668	35,965,567,000	30,989,848,939	28,599,076,000	25,020,472,283	1,561,283,000	811,645,067
1998	95,229,159,780	81,195,562,499	65,074,296,000	55,868,976,844	52,035,987,000	66,920,780,192	6,756,159,000	5,153,545,839
1999	56,182,527,000	63,802,328,247	65,074,296,000	55,868,976,844	54,531,935,000	46,692,446,313	2,484,568,000	2,484,576,000
2000	63,907,188,000	54,967,979,536	51,865,784,000	53,906,256,579	39,508,118,000	43,032,854,779	2,159,122,000	1,938,413,769
2001	81,461,147,000	40,954,607,069	74,371,986,000	41,572,240,204	59,139,578,000	26,186,037,180	1,958,689,000	3,288,595,192
2002	81,638,754,005	34,708,433,207	91,949,809,000	35,888,787,782	81,929,688,008	31,752,862,952	2,187,782,000	1,081,209,213

THE DATAS FOR T - TEST PER YEAR
YEAR OF 1997 - 2002

Divisi	Tahun 1997		Tahun 1998		Tahun 1999		Tahun 2000		Tahun 2001		Tahun 2002	
	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi	Anggaran	Realisasi
Divisi Marketing	36,770,223,788	31,789,537,668	95,229,159,780	56,182,527,000	63,802,328,247	63,907,188,000	54,967,979,536	81,461,147,000	40,954,607,869	81,638,754,005	35,888,787,782	34,708,433,207
Divisi Keuangan dan Umum	35,965,567,000	30,989,848,939	65,074,296,000	65,074,296,000	55,868,976,844	51,865,784,000	53,906,256,579	74,371,986,000	41,572,240,204	91,949,809,000	81,929,688,008	31,752,862,952
Divisi Produksi	28,599,076,000	25,020,472,283	52,035,987,000	66,920,780,192	54,531,935,000	46,692,446,313	39,508,118,000	43,032,854,779	59,139,578,000	26,186,037,180	81,195,562,499	1,081,209,213
Divisi Teknik	1,561,283,000	811,645,067	6,758,159,000	5,153,545,839	2,484,568,000	2,484,576,000	2,159,122,000	1,938,413,769	1,958,689,000	3,288,595,192	2,187,782,000	1,081,209,213

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Anggaran B.Pemasaran	6.92E+10	6	2112922696	8.63E+09
	Realisasi B.Pemasaran	5.12E+10	6	19112551093	7.80E+09
Pair 2	Anggaran B.Keuangan & Umum	6.41E+10	6	19100950750	7.80E+09
	Realisasi B.Keuangan & Umum	4.57E+10	6	10989484274	4.49E+09
Pair 3	Anggaran B.Produksi	5.26E+10	6	18190576766	7.43E+09
	Realisasi B.Produksi	3.99E+10	6	15886576701	6.49E+09
Pair 4	Anggaran B.Teknik	2.85E+09	6	1937146403.4	7.91E+08
	Realisasi B.Teknik	2.46E+09	6	1602033251.7	6.54E+08

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Anggaran B.Pemasaran & Realisasi B.Pemasaran	6	.444	.378
Pair 2	Anggaran B.Keuangan & Umum & Realisasi B.Keuangan & Umum	6	.017	.975
Pair 3	Anggaran B.Produksi & Realisasi B.Produksi	6	-.010	.985
Pair 4	Anggaran B.Teknik & Realisasi B.Teknik	5	.849	.033

Paired Samples Test

		Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
Pair 1	Anggaran B.Pemasaran - Realisasi B.Pemasaran	1.80E+10	21294158984	8.69E+09	-4.39E+09	4.03E+10	2.066	5	.094
Pair 2	Anggaran B.Keuangan & Umum - Realisasi B.Keuangan & Umum	1.84E+10	21876048747	8.93E+09	-4.59E+09	4.13E+10	2.057	5	.095
Pair 3	Anggaran B.Produksi - Realisasi B.Produksi	1.27E+10	24272227132	9.91E+09	-1.28E+10	3.82E+10	1.281	5	.257
Pair 4	Anggaran B.Teknik - Realisasi B.Teknik	3.92E+08	1024897508.5	4.18E+08	-6.84E+08	1.47E+09	.936	5	.392

T-Test

Paired Samples Statistics

		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	Anggaran Tahun 1997	2.57E+10	4	16522829756	8.26E+09
	Realisasi Tahun 1997	2.22E+10	4	14544513112	7.27E+09
Pair 2	Anggaran Tahun 1998	5.48E+10	4	36769216382	1.84E+10
	Realisasi Tahun 1998	5.23E+10	4	33086984082	1.65E+10
Pair 3	Anggaran Tahun 1999	4.46E+10	4	28435310573	1.42E+10
	Realisasi Tahun 1999	4.22E+10	4	27392200272	1.37E+10
Pair 4	Anggaran Tahun 2000	3.94E+10	4	26726306236	1.34E+10
	Realisasi Tahun 2000	3.85E+10	4	24938841758	1.25E+10
Pair 5	Anggaran Tahun 2001	5.42E+10	4	36072283193	1.80E+10
	Realisasi Tahun 2001	2.80E+10	4	17944094269	8.97E+09
Pair 6	Anggaran Tahun 2002	6.44E+10	4	41768464320	2.09E+10
	Realisasi Tahun 2002	2.59E+10	4	16609090305	8.30E+09

Paired Samples Correlations

		N	Correlation	Sig.
Pair 1	Anggaran Tahun 1997 & Realisasi Tahun 1997	4	1.000	.000
Pair 2	Anggaran Tahun 1998 & Realisasi Tahun 1998	4	.940	.060
Pair 3	Anggaran Tahun 1999 & Realisasi Tahun 1999	4	.962	.038
Pair 4	Anggaran Tahun 2000 & Realisasi Tahun 2000	4	.979	.021
Pair 5	Anggaran Tahun 2001 & Realisasi Tahun 2001	4	.983	.017
Pair 6	Anggaran Tahun 2002 & Realisasi Tahun 2002	4	.996	.004

Paired Samples Test

		Paired Differences							
					95% Confidence Interval of the Difference				
		Mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pair 1	Anggaran Tahun 1997 - Realisasi Tahun 1997	3.57E+09	1993371467.2	9.97E+08	3.99E+08	6.74E+09	3.583	3	.037
Pair 2	Anggaran Tahun 1998 - Realisasi Tahun 1998	2.49E+09	12662556887	6.33E+09	-1.77E+10	2.26E+10	.393	3	.720
Pair 3	Anggaran Tahun 1999 - Realisasi Tahun 1999	2.36E+09	7789933783.2	3.89E+09	-1.00E+10	1.48E+10	.605	3	.588
Pair 4	Anggaran Tahun 2000 - Realisasi Tahun 2000	8.99E+08	5577185000.5	2.79E+09	-7.98E+09	9.77E+09	.322	3	.768
Pair 5	Anggaran Tahun 2001 - Realisasi Tahun 2001	2.62E+10	18723741927	9.36E+09	-3.56E+09	5.60E+10	2.802	3	.068
Pair 6	Anggaran Tahun 2002 - Realisasi Tahun 2002	3.86E+10	25259041593	1.26E+10	-1.62E+09	7.88E+10	3.054	3	.055