

Budget Analysis As An Effort In Planning And Controlling Project Costs At PT. Kartika Jaya Prakasa

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ABSTRACT

This study aims to analyze the role of the budget as a tool for planning and controlling project costs at PT Kartika Jaya Prakasa. In the competitive world of construction business, effective budget management is essential to ensure project efficiency and success. This research uses a qualitative descriptive approach with a case study method, which includes interviews, direct observation, and documentation analysis. The results showed that the company had implemented various cost control techniques, such as a budget monitoring system and cost variance analysis, which helped keep expenditures within budget. However, the company faces challenges such as economic uncertainty, limited resources, and resistance to change. Recommendations include increased training, adoption of technology, and development of a supportive corporate culture. With these measures, PT Kartika Jaya Prakasa is expected to improve budget efficiency and achieve better project success in the futur.

Keywords : Budget, Control, Planning.

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Introduction

In a competitive business world, effective project management is one of the keys to business success. As a company engaged in construction, PT Kartika Jaya Prakasa faces challenges in controlling project costs to stay within the specified budget. Budget analysis is an important tool in planning and controlling project costs, allowing companies to predict expenditures and identify potential risks that could affect the smooth running of a project. Therefore, an in-depth understanding of budget analysis is essential to achieve efficiency and effectiveness in project execution.

Proper cost planning is an important first step in project management. According to Kerzner (2017), systematic cost planning helps project managers allocate resources optimally and minimize the risk of waste. As a member of PT. According to Kartika Jaya Prakasa, budget analysis serves not only as a spending guideline, but also as a tool to evaluate overall project performance. Through proper budget analysis, businesses can identify areas that require further attention and take corrective action before problems become bigger.

Cost control is another important aspect of project management. According to Turner (2018), effective cost management helps companies meet specified budget constraints and increases accountability in resource management. PT Kartika Jaya Prakasa must implement the

right cost control method so that expenses can be monitored in real-time and adjustments made if necessary. This helps the company eliminate waste and ensure the project is completed within the planned time and cost.

However, budget analysis is often problematic due to a lack of accurate data or inappropriate estimation methods. According to research by Harris (2018), many projects experience significant cost fluctuations due to the inaccuracy of the initial estimate. Therefore, it is important that PT Kartika Jaya Prakasa has implemented technology and information systems that can support the budget analysis process. By using advanced project management software, companies can improve the accuracy of cost estimates and minimize the risks associated with project management.

To achieve this goal, this study aims to determine the budget analysis practices applied at PT Kartika Jaya Prakasa and their impact on project cost planning and management. By exploring the experiences and challenges faced by the organization, it is hoped that this research can provide useful recommendations to improve the effectiveness of budget analysis in project management. With a deeper understanding of budget analysis in project management. Through a better understanding of budget analysis, PT Kartika Jaya Prakasa can improve project performance and achieve greater success in the future.

Research Methods

Objects and Research Methods

The type of research used is descriptive research with a qualitative approach. Descriptive research method is a study conducted to determine the value of independent variables, either one or more independent variables without making comparisons with other variables. In another sense, this research only wants to know how the variable itself is without any influence or relationship to other variables such as correlation or experimental research. The research design chosen is a case study. The case study was conducted at PT Kartika Jaya Prakasa by analyzing the cost budget made and its effectiveness in minimizing construction project costs in 2024. The informants in this study were the leadership of PT Kartika Jaya Prakasa, employees, especially managers and company financial staff, because the data to be used in this study concerned the company's budget. This research was conducted at one of the construction companies in Bogor Regency, namely PT Kartika Jaya Prakasa which is located at Jalan Mayor Oking Jayaatmaja No. 18 Citeureup, Bogor Regency 16810. The data collection procedures in this study are interviews, direct observation and documentation. The indicators used in this study are outlined in the research instruments in the following table:

Table 1. Research Indicators

Indicator	No.	Interview Questions	Document	Informant
Planning	1.	Does the company plan according to objectives?	Cost Budget Plan, Project Realization Report	Director, Finance, Engineering.
	2.	Does the company's planning achieve its goals?	Project Realization Report	Director, Finance, Engineering.
	3.	Is there an appropriate division of work groups in project implementation?	Work division structure/Time schedule	Director, Finance, Engineering.
	4.	Are all areas of management performing their functions well?	None	Director, Finance, Engineering.
	5.	Is there cooperation between all spheres of management?	None	Director, Finance, Engineering.
Budget Preparation	1.	What are the stages of budget preparation at PT Kartika Jaya Prakasa?	None	Director, Finance, Engineering.
	2.	Who is involved in preparing the project cost budget at PT Kartika Jaya Prakasa?	None	Director, Finance, Engineering.
Cost Control	1.	Does the company make a control plan?	None	Director, Finance, Engineering.
	2.	Does the company make arrangements or schedule the implementation of work?	Time Schedule	Director, Finance, Engineering.

Researchers use the validity of this data with a source triangulation approach, to analyze and reveal what problems are the object of research. The data analysis process is carried out with 3 stages of qualitative analysis, namely:

- 1.Data reduction is a process where selection, concentration on simplification, abstracting and transformation of rough data that appears and written notes in the field.
- 2.Data presentation is when a set of information is organized, so that it gives the possibility of drawing conclusions and taking action in the form of presenting qualitative data.
- 3.Efforts to draw data conclusions made by researchers continuously while in the field.

Result

Project Cost Control Process

The project cost control process is an important stage in project management which aims to ensure that the costs incurred during project implementation do not exceed the predetermined budget. Control in a project is closely related to the planning done beforehand. In a project, planning that is carried out precisely and carefully is not enough to make the project a success without being supported by controls that are carried out along with project implementation. Project control is carried out so that the project continues to run within the time and cost limits set in the planning. Without the control carried out, the company's goals cannot be achieved according to the target.

Based on the research results, it is known that the company that is the object of study in this research applies several cost control techniques, including the use of a budget monitoring system, cost variance analysis, and the application of budget changes based on project development. In this process, the project team regularly evaluates the progress of the work and compares the costs that have been incurred with the planned costs.

Based on the results of the summary of interviews and documentation regarding control, it is necessary to have good control in the project work process, and implement the control plan directly or go to the field.

Proses Analisis Anggaran Proyek

Project budget analysis is a method to evaluate cost planning and realization in construction projects. Research shows that budgets serve as a cost and performance control tool, although there are often unfavorable variances. The budgeting and determination of business expenses depends on the type of business, business objectives, policies and conditions of the business concerned. The cost budgeting process and its definition can be divided into three methods, namely top-down planning, top-down planning and a combination of both methods. In theory, a good budgeting process is organized by the bottom-up method, i.e. the ideas, suggestions and proposals of each department should be included in the preparation of the budget from the bottom up. This task is usually assigned to a specialized group called the Budget Committee. This budget committee is usually chaired by a person called the budget president, assisted by members consisting of the heads of the company's departments.

Before the creation of a project cost budget, the company needs to go through several stages when preparing the budget so that the budget is intact and in accordance with what the company wants, namely:

1. The first step is to develop guidelines for preparing the budget. Such as conducting a related survey about the project to be implemented. The survey can be in the form of prices of raw materials and labor. Furthermore, the finance department prepares budget guidelines that contain the company's main policies in the fields of resources, finance, and general. This main policy is communicated to superiors as a basis for budget design.
2. Next, the finance department begins to prepare a budget proposal for the project that will be tendered. In addition, assumptions need to be considered in case there are cost changes and policy changes that affect the budget. After that, the finance department needs to discuss the matter with the management to see the effectiveness of each budget.
3. After communication is made, the director reviews the budget and approves the budget that has been made. When reviewing the budget, the director needs to be able to understand each activity that must be carried out to achieve the budget objectives and the proposed resources that will be used to carry out these activities. If the director does not review or does not have the ability to review the proposed budget, then the resulting budget is merely an approval, without understanding its contents. And if the director does not understand the proposed budget, there is an opportunity to submit a cost budget much higher than the amount that should be and submit a revenue budget much lower than the amount that should be.
4. As for if the budget that has been made is still inappropriate, then a budget revision is carried out. Revisions to the approved budget need to be considered, because budget revisions can allow for systematic budget changes and procedures for special circumstances. Thus, budget revisions carried out using the budgeting process can be carried out appropriately to achieve the final results of the budgeting process. The budget and realization of the project cost budget that has been carried out by PT Kartika Jaya Prakasa in the following table:

Table 2 Budget and Realization of Project Costs

Description	Budget	Realization	Difference
Cost of Goods Project:			
Raw Materials	350.585.000	325.850.500	24.734.500
Labor	266.896.000	232.525.000	34.371.000
Overhead	58.587.000	50.720.200	7.866.800
Total Cost of Project	676.068.000	609.095.700	66.972.300
PPN 11%	74.367.480	74.367.480	-
Total Cost	750.435.480	683.463.180	66.972.300

Based on table 2, we see that in the budget and realization of the company's budget in the irrigation network improvement project there is a favorable difference. The difference that occurs in raw materials, labor and overhead is not too far away, where in raw materials the difference is Rp. 24,734,500, labor is Rp. 34,371,000, and overhead is Rp. 7,866,800, so that the total difference is Rp. 66,972,300 from the budget that has been set at Rp. 750,435,480. So we can say that in working on the project the company is profitable. This can happen because the planning and control carried out by the company is good.

Challenges faced and how to overcome them

Challenges Faced by PT Kartika Jaya Prakasa

1. Economic Uncertainty
 - a. Market fluctuations and unstable economic conditions can affect the accuracy of budget projections.
 - b. Companies often find it difficult to plan expenditures amidst uncertainty.
2. Resource Limitations
 - a. Many companies, especially small ones, face limitations in human and financial resources to conduct in-depth budget analysis.
 - b. Lack of training and understanding of budget analysis among employees.
3. Resistance to Change
 - a. The implementation of new methods of budget analysis, such as Zero-Based Budgeting (ZBB), is often resisted by employees who are used to the old ways.
 - b. The change in organizational culture required to adopt new methods can be challenging.
4. Difficulties in Data Collection
 - a. Collecting accurate and timely data for budget analysis can be problematic, especially if financial information systems are inadequate.
 - b. Inaccuracies in recording transactions can interfere with analysis.
5. Weak Cost Control
 - a. Without effective cost control, the company may experience significant waste.
 - b. The difficulty of monitoring expenses in real-time can lead to difficulties in taking corrective action.

How to overcome challenges at PT Kartika Jaya Prakasa

1. Enhance Training and Education
 - a. Provide adequate training to employees on the importance of budget analysis and how to perform it.
 - b. Organize workshops and seminars to increase understanding of effective budget analysis methods.

2. Adopt Technology
 - a. Use accounting software and financial analysis tools to facilitate data collection and analysis.
 - b. Automated systems can help reduce errors and improve efficiency in budget management.
3. Building a Supportive Corporate Culture
 - a. Involve company leaders in the socialization and implementation of budget analysis to reduce resistance.
 - b. Create an environment that supports innovation and change in the budget management process.
4. Conduct Scenario Planning
 - a. Develop flexible budget plans by considering various “what if” scenarios to anticipate changing market conditions.
 - b. Ensure that the budget can be adjusted quickly according to changes that occur.
5. Periodic Monitoring and Evaluation
 - a. Conduct regular evaluations of budget and cost control performance to identify areas for improvement.
 - b. Use variance analysis to understand the causes of differences between budget and realization.

Conclusion

This study shows that budget analysis has an important role in planning and controlling project costs at PT Kartika Jaya Prakasa. By applying techniques such as budget monitoring, cost variance analysis, and budget revision, the company is able to keep expenditure under control and achieve cost efficiency. A positive difference between budget and realization indicates success in project budget management. However, the company still faces several challenges, such as economic uncertainty, limited resources, and resistance to changes in new methods of budget management.

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