

REVENUE BUDGET AND COST BUDGET ANALYSIS OPERATIONS TO FINANCIAL PERFORMANCE BASED ON RETURN ON ASSET AT PDAM SIKKA REGENCY

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REVENUE BUDGET AND COST BUDGET ANALYSIS OPERATIONS TO FINANCIAL PERFORMANCE BASED ON RETURN ON ASSET AT PDAM SIKKA REGENCY

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Abstract: A company is a organization built with the aim to seek profit through improving financial performance in order to maintain the company's survival. The purpose of the study is to find out and Analyze the effect of The Revenue Budget and Operating Expense Budget on Financial Performance Based on Return On Asset Ratio at PDAM Maumere Office both partially and simultaneously. In this study, the sample was the company's Return on Asset (ROA) data as well as revenue budget and operating expense budget in the period 2016-2020. The results of this study show that partially (test t) shows that the Operating Cost Budget (X1) has a negative and insignificant effect on Return on Asset (Y). Partial test results (test t) show that the Revenue Budget (X2) has a positive and insignificant effect on Return on Asset (Y). Simultaneous test results (test F) showed that the Operating Expense Budget (X1) and Revenue Budget (X2) together had no significant effect on Return on Asset (Y). The results of the Coefficient of Determination (R²) show that the Operating Cost Budget and Revenue Budget are able to explain the variation in the ups and downs of Return on Asset of only 54.5.

Keywords: Operating Budget, Revenue Budget, Financial Performance

1. Introduction

A company is a organization built with the aim to seek profit through improving financial performance in order to maintain the company's survival. The Drinking Water Regional Company as one of the Regional Owned Enterprises (BUMD) and now cooperates with the private sector has several objectives. These goals are detailed into certain timed goals, namely short-term, medium-term or long-term. In it achieves its goals the company requires resources, such as water sources that are economically limited in number. Therefore, companies are required to use these limited resources effectively and efficiently.

It takes a company strategy in managing its management, as well as performance assessment by conducting a financial analysis of the company. The assessment of financial performance, carried out to increase its efforts in achieving maximum profit, and maintain the company's survival to benefit the community. In assessing the company's performance can be done by the Return On Asset (ROA) method.

Sikka Regency Drinking Water Regional Company (PDAM), is one of the Drinking Water Regional Companies formed to carry out one of the tasks of local government services, namely the management and provision of drinking water facilities and infrastructure for the



community. But in reality the resources and resources of funds have not been managed effectively and efficiently, this affects the financial performance of the company resulting in losses, because revenue cannot cover operating costs. Therefore, in order not to occur plagiarism and fraud requires internal control and external control of the company.

The problem faced by every company in the face of competition, among others, is maintaining the company's profit level. The company's profits greatly affect the company's operations in the upcoming period. In the sense of corporate competition, PDAM has received tank water orders, where in Sikka Regency there are many companies that accept tank orders. That's where the company's competition comes in.

The level of profitability is the level of profit of the company in a given period. The profitability of a company will affect the policies of the investigators on the investments made. The ratio used to measure profitability is Return on Asset (ROA). The ROA ratio compares net income with the company's total assets in a given period.

The company is able to provide high service, then the community will feel satisfied. Conversely, if the quality of service provided is low, then people who need services will feel dissatisfied. The quality of service can be expressed as a comparison between the expected service and the service it receives (Parasuraman et al, 1995). Based on these conditions it can be understood that service to the community can be affected by the level of profit.

The higher the ROA ratio, the higher the profit received by the company. ROA is able to measure the company's capabilities and can generate profits in the past, to be projected in the future. The asset in question is the entire property of the company, obtained from its own capital or from foreign capital that has been converted by the company into corporate assets used for the survival of the company (Cashmere, 2012).

The Return on Asset (ROA) method is a measure of the effectiveness of management in managing its investments and is used by companies to attract investors to invest their capital. Results from the study showed the Revenue Budget and Operating Expense Budget affected the Return on Asset Ratio (ROA). Profitability in the Drinking Water Area Company (PDAM) is the company's ability to earn profits, so it can be known the extent to which the company can manage and reduce costs incurred in order to generate profits.

Revenue Budget is an annual financial plan of local governments in Indonesia approved by the Regional People's Representative Council. Budget planning for management can help in directing the company's goals (Cashmere, 2014). Revenue budget planning can also be used as a means to engineer business strategies in the face of competitors.

The revenue generated has covered all the costs incurred, is to have made a profit. If low budget occurs, it will inhibit the company to grow and develop, in accordance with the company's mission is to maximize the company's value and strive for sustainable growth.

Operating costs are the most important element in carrying out all the company's operational activities. Expenses are cash resources that have been or will be sacrificed to realize a particular goal. Understanding cost according to Mulyadi (2003) is the money spent to hold (establish, do, and so on) something, cost, shopping, expenses.

Information related to the condition of the company, indicated in the financial statements which is one of the images of the company's performance. From the report can be known some information, among others: financial ratios, cash flow, and other measures of performance. According to Pramono (2014) the financial ratio is a number obtained from the results of comparisons from a financial statement post with other posts that have a relevant and significant relationship. Other posts can be attached with examples of Profit to Productive Assets Ratio, Profit to Sales Ratio, Current Asset to Current Debt Ratio.

PDAM Sikka Regency which is a company engaged in Drinking Water, which also has targets in its operational process, both in the center and the company's branch. Established in 1983, the Drinking Water District (PDAM) company was established with the aim to distribute

drinking water to meet one of the basic needs of the community, foster revenue for administrative costs, maintenance and system needs and contribute to local government coffers in the form of profit sharing. The following is data on the revenue budget and operating expense budget and its realization at PDAM Sikka Regency.

Table 1. Data on Revenue And Realization Targets for 2016 - 2020

Years	Revenue Budget Target (in million rupiah)	Realization of Revenue Budget (in million rupiah)	Difference (in million rupiah)	% Realization
2016	8.621.910.000	7.906.920.507	714.989.493	91,71
2017	10.216.919.000	8.727.075.353	1.489.843.647	85,41
2018	12.417.851.100	9.353.137.905	3.064.713.195	75,32
2019	11.355.071.000	10.708.387.706	646.683.294	94,30
2020	13.273.546.326	12.266.020.472	1.007.525.854	92,40

Source: Data processed by PDAM, 2018

Based on information obtained from table 1. It can be seen that there is a difference between the revenue target set and its realization where the Realization of the Revenue Budget does not reach the target set. In addition, the income earned is widely used to improve buildings, facilities and infrastructure.

Table 2. Operational Cost Allowance Target and Realization 2016 - 2020

Years	Operating Expenses Budget (in million rupiah)	Realization of Operating Expense Budget (in million rupiah)	Difference (in million rupiah)	% Realization
2016	8.375.795.400	7.038.615.787	1.337.179.613	84,03
2017	9.422.408.691	8.399.250.575	1.023.158.116	89,14
2018	11.771.910.437	9.192.353.473	2.579.556.964	78,08
2019	12.159.466.117	11.670.541.850	488.924.267	95,97
2020	13.296.446.336	13.616.949.469	(320.503.133)	102,41

Source: Data processed by PDAM, 2018

From table 2 can be obtained information, that in 2020 operational costs exceed the set Operating Budget. This is due to the many activities of building repair, facilities and infrastructure at the end of 2018 to early 2020.

Table 3. Calculation of Profit / Loss of PDAM Sikka Regency in 2016 - 2020

Years	Description	Budget	Realization
2016	Laba / Rugi Bersih	246.114.600	868.304.720
2017	Laba / Rugi Bersih	794.510.309	327.824.778
2018	Laba / Rugi Bersih	645.940.663	160.784.432
2019	Laba / Rugi Bersih	(804.395.117)	(962.154.144)
2020	Laba / Rugi Bersih	(222.900.010)	(1.350.928.997)

Source: Data processed by PDAM, 2018

From table 3 it can be seen that in 2019 and 2020, PDAM experienced a deficit so that the Revenue Budget decreased while the Operating Expense Budget swelled. This is due to the many activities of repair of buildings, facilities and infrastructure.

In accordance with the existing problems, the goals that the author wants to achieve from the writing are: 1) To Find out and Analyze the Relationship of Revenue Budget to Financial

Performance Based on Return On Asset Ratio at PDAM Maumere Office. 2) To Find out and Analyze the Relationship of Operating Cost Budget to Financial Performance Based on Return On Asset Ratio at PDAM Maumere Office. 3) To Find out and Analyze the Relationship of Revenue Budget and Operating Expense Budget to Financial Performance Based on Return On Asset Ratio at PDAM Maumere Office.

2. Literature Review

Return On Asset Ratio

ROA or ROI is a ratio used to measure the ratio between net income after deducting interest expense and taxes (Earning After Taxes / EAT) generated from the company's principal activities with the total assets owned by the company to carry out the company's overall activities and expressed in percentage. Hasibuan (2009) defines ROA as a comparison (ratio) of earnings before tax (EBT) over the past 12 months to the average business volume in the same period (Dewi et al, 2017).

Factors That Affect Return on Assets

As for the factors that affect ROA, According to Brigham et al (2001:89), as follows: 1) Liquidity Ratio. This ratio measures a company's ability to meet its short-term obligations, which is calculated by comparing the company's current assets with current liabilities. The liquidity ratio consists of: a. *Current Ratio*, Know the company's ability to meet its short-term obligations by comparing all liquid assets owned by the company with current liabilities. b. *Acid Test*, Measure the ability of companies to meet short-term obligations by using more liquid current assets, namely without including inventory elements divided by current liabilities. 2) Asset Management Ratio. Asset management ratio measures how effectively a company manages its assets. The asset ratio consists of: a. *Inventory Turnover*, able to know the frequency of inventory changes that enter the company, starting from raw materials then processed and issued in the form of finished products through sales in one period. b. *Days Sales Outstanding*, know the average period of billing receivables into cash derived from the sale of company credit. c. *Fixed Assets Turnover*, Find out the effectiveness of the company using its fixed assets by comparing sales to net fixed assets. d. *Total Assets Turnover*, Know the effectiveness of the company using all its assets by comparing sales to total assets. 3) Debt Management Ratio. Asset management ratio knows the extent of the company's ability to meet long-term obligations (debt), which is used to finance all company activities. Debt management consists of: a. *Debts Ratio*, know the percentage of funds provided by creditors. b. *Times Interest Earned (TIE)*, measure how much operating profit can decrease until the company is unable to meet annual interest expense. c. *Fixed Charge Coverage Ratio*, It is almost similar to the TIE ratio, but recognizes that many of the company's assets are auctioned and must make repayment funds payments. 4) Inventory Turnover. A. Inventory is something that is purchased to then processed into other goods or directly resold according to the type of company. Inventory has an influence on the balance sheet or statements of financial position and income statement. The amount and percentage of each company's inventory vary. Inventory is often a very large part of the overall current assets that the company has. b. *Days Sales Outstanding Receivables* are the right to collect some money from the seller to the buyer that arises, because of a transaction. In other words, these receivables indicate demands on outside parties of the company that are expected to be resolved by receipt of the amount of cash, after the date of the sale transaction in accordance with the terms that have been agreed in advance. Business receivables are generally less than one year. The average collection period (ACP) or *Days Sales Outstanding (DSO)*, is used to estimate business receivables, and is calculated by dividing business receivables by the average daily sales, to determine the number of days of sales in



business receivables. So an ACP or DSO indicates the average period of time a company must wait for after making a sale before receiving cash, which is the average billing period.

Calculation of Return on Assets

According to Cashmere (2012), the formula for finding Return on Investment or Return on total Asset can be used as follows:

$$ROA = \frac{\text{net income after tax}}{\text{Total assets}}$$

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Benefits of Return on Asset (ROA)

Return On Asset Analysis (ROA) can also be used to measure the profitability of each product produced by the company, by using a good product cost system, capital and costs can be allocated to various products produced by the company concerned, so that it will be calculated the profitability of each product.

Budget

Prawironegoro et al (2008), define the budget is a work plan that is outlined in financial figures both short-term and long-term. Rudianto (2009), defines a budget is a future organizational work plan that is realized in quantitative, formal, systematic form.

Hornrgren et al (2008), a budget is a quantitative statement of an activity plan that management makes for a given period.

Budget is a very important tool for the company, because the budget is a guideline for the implementation of work and serves as a tool to evaluate the performance that has been achieved by the company according to Mulyadi (2003). According to Rudianto (2009) the budget is a future organizational work plan that is realized in quantitative, formal, and systematic form. According to Mandak (2013) budgeting is an important tool for effective short-term planning and control in organizations.

From the above description it can be concluded, that the budget is a long-term strategic profit planning, a practical planning of short-term profits, an accounting system based on responsibility, a use of the principle of continuous exclusion, as a tool to achieve the goals and objectives of an organization.

Factors that affect budgeting

Related external and internal factors should be considered or considered in the budgeting process. Some considerations related to motivation related to the preparation of budget according to Rudianto (2009: 67) as follows: 1) Difficulty level: budgets that are too difficult or too easy to achieve, then the budget is not eager and motivated to achieve. Therefore, the budget should be made as optimal and realistic as possible. Realistic means that the budget is prepared to standards that can be achieved with the resources owned by the company. 2) Top management participation: top management should participate in reviewing and authorizing budgets. If not, then budget implementers are tempted to submit a budget that is easy to achieve. 3) Justice: the level of difficulty among budget implementers must be parallel, so as not to cause jealousy between one part and another for the executor of the budget. 4) Budget department difficulties: the budget department must analyze the budget in detail, and must ensure the budget has been prepared properly and is confident that the information contained therein is accurate. 5) Organizational structure: the implementation of budgets in structured organizations tends to feel more influence, more participation in budget planning, and more



satisfied in implementing budgets. 6) Company resources: management must pay attention to the resources owned by the company to realize the company's work plan.

The difficulties experienced in PDAM Sikka Regency, in the preparation of the budget, namely making water usage targets by customers, and spreading the amount of revenue.

Challenges in Budgeting

Management at all levels must understand and support the budget, as well as all aspects of the management control system in order to get active participation from so that realization does not far miss what is budgeted.

Types of Budgets

The company arranges a master budget that can be divided into two groups, namely operational budget and financial budget. The parent budget is a combination of the entire budget compiled by the company every year. According to Sasongko et al (2016), the parent budget consists of :

1. Sales budget: presents the number of units of goods or services at the same time the price that is expected to be sold by the company in the future.
2. Production budget: shows the number of finished goods of all parties and for the success of budgeting. Budgets should not be rigidly structured. Usually a change in conditions can lead to a change of plan (Horngren 2008). The challenge in PDAM Sikka Regency is to work on what must be produced by the company in one budget period. Finished goods to be produced for the budget period should pay attention to the level of sales in the unit, as well as the amount of final and initial inventory of the finished goods.
3. Usage and purchase budget, presents the following two information:
 - a. The number of raw material usage needs: the amount of raw materials needed in budget period is determined by the number of finished goods to be produced and the standard raw material needs for each 1 finished item.
 - b. The value of the purchase of raw materials in rupiah: the amount of raw materials to be purchased in a budget period is obtained with the final supply of raw materials and reduced by the initial supply of raw materials in the company. Then the purchase value of raw materials in rupiah is obtained by multiplying the amount of raw materials to be purchased by the estimated purchase price of raw materials per unit.
4. Direct labor cost budget: shows the number of hours of direct labor required to produce finished goods specified in the production budget. In addition, it also shows the estimated level of wages that will be given by the company to its direct workforce.
5. Production overhead budget: shows the estimated production overhead costs that must be incurred by the company to achieve the production targets that have been set before.
6. Production cost budget: shows all production costs that will be incurred in a budget year. Only collect information contained in the budget for the use of raw materials, direct labor budget, and overhead budget.
7. Operating expense budget: shows the estimated operating expenses to be incurred by the company in a single budget period. In general, divided into 2 groups, namely sales expenses and administrative expenses.
8. Profit and loss budget: provides information to management about the amount of net profit or loss the company will earn in a budget period.
9. Cash budget: prepared by the company so that the management obtains information about the company's liquidity in the coming period because the cash budget presents information about the estimated amount of receipts and cash expenditures in a budget period.



In PDAM Sikka Regency the type of budget used, among others: Sales Budget, Production Budget, Usage and Purchase Budget, Direct Labor Cost Budget, Production Cost Budget, Profit and Loss Budget, Cash Budget.

Revenue Budget

Revenue budget is a plan made by the company to obtain revenue at a certain period of time. (Rudianto, 2009). the components of revenue earned by the company are as follows: (Kasmir, 2012), 1) income obtained from the company's principal business (main business). 2) income obtained from outside the company's principal business.

From the above description it can be concluded, that the revenue budget is a systematically planned and detailed budget about the income earned by the company over a certain period. In PDAM Sikka Regency, the revenue budget is prepared based on the Sikka District Budget.

Operating Expenses Budget.

An operating expenses budget is all expense plans related to the distribution and sale of a company's products as well as expenses to run the wheels of the organization. (Rudianto, 2009). While according to Hidayah (2008: 34) operating costs are costs that have a big role in influencing the success of the company to achieve its goal, which is to obtain business profit. From the above description it can be concluded, that operational costs are costs related to all company activities ranging from planning the purchase of raw materials, production, distribution of goods and expenditure of organizational activities.

Objectives of Operating Expenses

According to Assauri (2004: 12), explaining that the purpose of operating costs is as follows: 1) Coordinate and control the flow of inputs (inputs) and outputs (outputs), and manage the use of resources owned so that operational activities and functions can be more effective. 2) To make decisions, cost accounting provides future cost information because decision making relates to the future. Future cost information is clearly not obtained from records because it is not recorded, but obtained from forecasting results. 3) Used as a handle or guideline for a manager in carrying out company activities that have been planned by the company.

3. Method

Research Design

This research from the aspect of research methodology included in the type of verifiative research is the testing of research hypotheses through statistical analysis tools (Narimawati, 2008). Using verifiative research, because in this study is intended to provide an explanation by taking careful measurements of certain phenomena and explaining the causal relationship between variables and through hypothesis testing using statistical tests.

Population and Sample

The population that will be used by researchers in this study is the financial statements of PDAM Sikka Regency 2013 - 2017. The sample used by the researchers was the company's Return on Asset (ROA) as well as the company's revenue budget and operating expense budget in the period 2013-2017.

Research Variables and Operational Definitions

There are three variables used in this study, namely: 1) Dependent variables namely Return on Assets (Y) are the result of returns on a number of assets based on after-tax profits and interest earned by the company. 2) Independent variables namely Operating expense Budget (X1) is a detailed plan of the amount of operational costs budgeted in the company's operational

activities. 3) Independent variables namely Revenue Budget (X2) is a plan made by the company regarding the amount of revenue that can be obtained by the company.

Table 4. Definition of Operational and Variable Variables

No	Variable	Definition	Scale
1.	ROA (Y)	Return on a number of assets based on after-tax profit and interest earned by the company	$ROA = \frac{\text{net income after tax}}{\text{Total assets}}$
2.	Cost budget Operational (X1)	Detailed plan regarding the amount of operational costs budgeted in the company's operational activities.	$= \frac{\text{Budget Realization}}{\text{estimated}}$
3.	Revenue Budget (X2)	Plans made by the company regarding the amount of revenue that can be earned by the company	$= \frac{\text{Budget Realization}}{\text{estimated}}$

Data Source

The data used in this study used secondary data obtained from PDAM's financial statements and related literature.

Data Analysis Methods

The analytical method used in this study is multiple regression analysis. These tests include: Classical assumption test consisting of normality test, multicollinearity test, autocorrelation test, heteroxedasity test, multiple regression analysis, R2 Determination Test, hypothesis test consisting of statistical test t and statistical test F.

4. Result and Discussion

Return on Asset Analysis (ROA)

Based on the results of the analysis can be obtained the development of Return On Assets (ROA) PDAM Sikka Regency decreased.

Table 5. Return On Assets PDAM Sikka Regency Period 2013-2017

Period	Net Profit /Loss	Total Assets	Return on Asset (ROA)
2016	868,304,720.00	6,792,666,771.00	12.78
2017	327,824,778.00	7,127,736,226.00	4.60
2018	160,784,432.00	7,278,409,432.00	2.21
2019	(962,154,144.00)	11,278,389,614.00	-8.53
2020	(1,350,928,997.00)	40,368,245,958.00	-3.35

From Table 5 it can be known that in 2016, 2017 and 2018 the Return On Assets Ratio (ROA) is positive, thus showing that the management of PDAM Sikka Regency is able to operate the total assets held in providing profits for the company. Furthermore, in 2019 and 2020 the Return on assets (ROA) ratio is negative, thus showing that the management of PDAM Sikka Regency has not been able to operate the total assets owned so that it has an impact on losses for the company.

Inferential statistical analysis

To perform statistical analysis, the secondary data used for each variable are as follows:

Table 6. Variable Data X1, X2 and Y

Period	Cost Budget Operations (X1)	Revenue (X2)	Budget	Return on Asset (Y)
2016	84,03	91,71		12.78
2017	89,14	85,41		4.60
2018	78,08	75,32		2.21
2019	95,97	94,30		-8.53
2020	102,41	92,40		-3.35

Classic Assumption Test

Normality Test

Based on the Kolmogorov-Smirnov test, the results shown in Table 7 are below:

Table 7. Normality Testing Results

No	Variable	Asymp. Sig. (2-tailed)	Caption
1.	Cost Budget Operations	1.000	Normal Distributed Data
2.	Revenue Budget	0.789	Normal Distributed Data
3.	Return on Asset	1.000	Normal Distributed Data

From the results of data processing in Table 7 it is known that the significant value for all variables is greater than 0.05, so it can be concluded that the data tested is normal distribution.

Multicollinearity Test

Results of multicollinearity test analysis using the SPSS program, obtained the results shown in the following table :

Table 8. Multicollinearity Testing Results

No	Variable	Tolerance	VIF	Caption
1.	Cost Budget Operations	0.435	2.300	There is no multicollinearity.
2.	Revenue Budget	0.435	2.300	There is no multicollinearity.

By looking at the results of the Multicollinearity Test Table 8 it is known that none of the free variables have a tolerance value smaller than 0.1. Likewise, the VIF value of each variable is no greater than 10. Thus it can be concluded that there is no perfect correlation between independent variables, so this regression model has no problem of multicollinearity.

Heteroskedasticity Test

The results of the heteroskedasticity test analysis using the SPSS program, obtained the results shown in the following Scatterplot image:

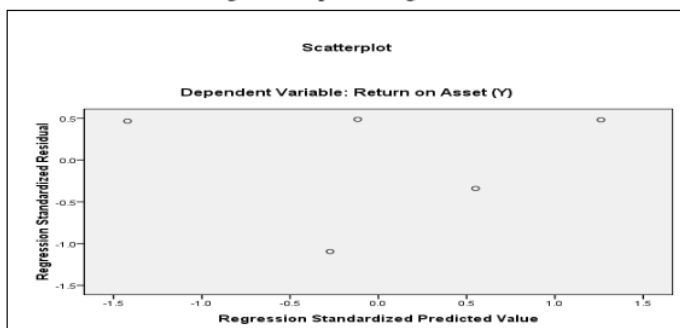


Figure 1 Heteroskedasticity Test

Scatterplot figure 1 above shows that the data spreads almost evenly both above and below zero. Thus it can be ascertained that the data results of the study do not occur heteroskedasticity or in other words the distribution of data is the same (homokedasticity).

2

Autocorrelation Test

The results of the Autocorrelation test analysis using the SPSS program, obtained the following results:

Table 9. Autocorrelation Testing Results

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	0.739 ^a	0.545	0.091	7.70848	1.845

a. Predictors: (Constant), Revenue Budget (X2), Cost Budget Operations (X1)

b. Dependent Variable: Return on Asset (Y)

By looking at the results of autocorrelation testing in Table 9 it can be known that the durbin-watson value is 2,051. Based on Durbin Watson's Autocorrelation Level Achievement, this value is located between 1.55 - 2.46 so it can be concluded that the data used in this study does not contain autocorrelation.

1

Multiple Linear Regression Analysis

The results of multiple linear regression analysis using the SPSS program, obtained the results shown in the following table:

Table 10. Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	30.715	44.106		.696	0.558
Cost Budget Operations (X1)	-0.894	0.610	-1.060	-1.466	0.280
Revenue Budget (X2)	0.583	0.754	0.559	0.773	0.520

a. Dependent Variable: Return on Asset (Y)

The results of data analysis in table 10 above can be made a model of multiple linear regression equations as follows:

$$Y = 30.715 - 0.894X_1 + 0.583X_2$$

Based on the regression equation above, the interpretation for the constant and each regression coefficient can be described as follows:

a. Constant (bo): 30.715

This number or constant explains that if all variables are free, in this case, i.e. the Operational Cost Budget (X1) and Revenue Budget (X2) variables are assumed to be constant or the change is zero, then the Return on Asset (Y) is already 30,715%.

b. Regression Coefficient X1 (b1): -0.894

This regression coefficient can be explained that if the Revenue Budget variable (X2) is considered constant or fixed, then if there is a change (increase) in the Operational Cost Budget (X1) variable of one percent, it will result in a decrease in the Return on Asset (Y) variable of 0.894 percent; Likewise, if there is a decrease in the variable Operating Cost Budget (X1) of 1% will result in an increase in Return on Asset (Y) of 0.894%.

c. Regression Coefficient X2 (b2): 0.583

This regression coefficient can be explained that if the Operational Cost Budget (X1) variable is considered constant or unchanged, then if there is a change (increase) in the Revenue Budget variable (X2) of 1% will result in an increase in Return on Asset (Y) of 0.583%; Likewise, if there is a decrease in the variable Budget Revenue (X2) of 1% will result in a decrease in Return on Asset (Y) of 0.583%.

Simultaneous Hypothesis Test (Test F)

The results of the analysis of the F test hypothesis test using the SPSS program, obtained the results shown in the following table:

Table 11. Simultaneous Hypothesis Test (F-Test)

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	142.626	2	71.313	1.200	.455 ^a
	Residual	118.841	2	59.421		
	Total	261.467	4			

a. Predictors: (Constant), Revenue Budget (X2), Cost Budget Operations (X1)

b. Dependent Variable: Return on Asset (Y)

1

Based on the analysis data in Table 11 above, the hypothesis test steps (Test F) are as follows:

a. Hypothesis.

$H_0 : b_1 = b_2 = 0$, This means that the Operating Expense Budget (X1) and revenue budget (X2) together have no significant effect on return on asset (Y).

$H_a : b_1 \neq b_2 \neq 0$, Operating Expense Budget (X1) and Revenue Budget (X2) together significantly affect return on asset (Y).

b. Determine the level of significant

In this study used the level of significant $\alpha = 0.05$.

Based on Table 11 a significant value of 0.455. The value of this significance is greater than the alpha level used by 5% (0.05), hence the decision is to accept the null hypothesis (H_0), thus the variables of the Operating Cost Budget (X1) and revenue budget (X2) together have no significant effect on return on asset (Y).

Partial Hypothesis Test (t-Test)

Based on the analysis of data in table 10 above, the partial hypothesis test steps (t-test) for each variable free against its bound variable are as follows:

Effect of Variable Operating Cost Budget (X1) on Return on Asset (Y):.

a. Hypothesis

$H_0 : b_1 = 0$, This means that the Operating Expense Budget (X1) has no significant effect on Return on Asset (Y)

$H_a : b_1 \neq 0$, This means that the Operating Expense Budget (X1) has a significant effect on Return on Asset (Y)

b. Determine the level of significant.

In this study used the level of significant $\alpha = 0.05$.

Based on Table 10 significant values for variable Operating Cost Budget (X1) of 0.280. The value of this significance is greater than the alpha level used 5% (0.05), so the decision is to reject the null (H_0) hypothesis, thus the Operational Cost Budget (X1) variable has an insignificant effect on the Return on Asset (Y) variable.

Effect of Variable Budget Revenue (X2) on Return on Asset (Y):

- a. Hypothesis
- Ho : $b_1 = 0$, This means that the Revenue Budget (X2) has no significant effect on Return on Asset (Y)
- Ha : $b_1 \neq 0$, This means that the Revenue Budget (X2) has a significant effect on Return on Asset (Y).

- b. Determine the level of significant.
In this study used the level of significant $\alpha = 0.05$.

In addition to the calculations above, the t test can also be done by looking at the significance value. Based on Table 10 significant value for the Revenue Budget (X2) variable of 0.520. The value of this significance is greater than the alpha level used 5% (0.05), so the decision is to accept the null hypothesis (Ho), thus the Revenue Budget variable (X2) has an insignificant effect on the Return on Asset (Y) variable.

Coefficient of Determination (R2)

The results of the analysis using the SPSS program, obtained R2 results shown in the following table:

Table 12. Coefficient of Determination (R2)

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.739 ^a	0.545	0.091	7.70848

Based on the results of the data analysis in table 12 above it is seen that the value of the Coefficient of Determination (R2) is 0.545. Thus the two free variables in this study, namely the Operating Cost Budget and the Revenue Budget, were able to explain the variation in the ups and downs of Return on Asset by only 54.5%. The remaining 45.5% was explained by other variables not included in the study model.

Discussion of Research Results

1. The operating expense budget made at PDAM Sikka Regency has been in accordance with good budget conditions, so as to help in achieving the company's goal to increase profits. Partial test results (t-test) show that the Operating Cost Budget (X1) has an insignificant effect on Return on Asset (Y).
2. Partial test results (t-test) show that the Revenue Budget (X2) has an insignificant effect on Return on Asset (Y).
3. Simultaneous test results (F-test) show that the Operating Expense Budget (X1) and Revenue Budget (X2) together have no significant effect on Return on Asset (Y).
4. The Results of the Coefficient of Determination (R2) show that the Operating Expenses Budget and Revenue Budget are able to explain the variation in the ups and downs of Return on Asset by only 54.5%. The remaining 45.5% was explained by factors not studied in the study.

Based on the results of the discussion from the previous chapter, researchers contributed advice in the results of this study, namely:

1. The company should in applying the Revenue Budget and Operational Expense Budget to be optimized again as well as possible. This will result in a decrease in the company's profits in the future. If the Operating Expense Budget is too large than the Revenue Budget, the company increases revenue boldly to invest its capital so as to improve the company's finances.



2. The Company should pay attention to the Process of Preparing and Determining the Budget planning of Revenue and Operating Expense Budget in order to make a better contribution in the assessment of the company's performance.
3. The Company should consider a proportionate comparison between the increase in assets and the company's profit and loss gains that have a major effect on the assessment of financial performance, especially Return on Asset (ROA).
4. That there are many other factors that are not researched authors that may affect financial performance in PDAM Sikka Regency, such as: Cash Budget, and Sales Budget, and it is expected that other researchers can add observation variables so that the results of the study are better and more complete.

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