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## **THE EFFECT OF MANAGEMENT CONTROL IN PURCHASE VOLUME ON THE LEVEL OF FOOD INGREDIENTS DAMAGE AT ELCAVANA HOTEL BANDUNG**

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### **ABSTRACT**

*In this study, researchers wanted to test the theory whether there is an influence of management control in controlling the purchase volume of the level of damage to food. The population of this research is the management of Elcavana Hotel Bandung in the accounting department and the kitchen department. Procurement of the ingredients for a certain period can not be predicted accurately. In other words, the ingredients ordered by the relevant department are not in accordance with the realization of the use of each day because there are some menus that do not sell well (slowmoving). The controlling of prices and quality of ingredients is carried out with the main objective to avoid the swelling of production costs due to food ingredients that are not in accordance with standards and to set the selling price of food. After being tested using simple linear regression, the results are as previously thought. The controlling of the volume of food purchases greatly affects the level of damage to food ingredients at Elcavana Hotel Bandung. So, the stronger the management control in the purchase volume, the lower the level of food damage.*

*Keywords: management control, cost control, food ingredient purchase.*

### **INTRODUCTION**

Bandung is a city that has advantages in family recreation tourism, culinary tourism, and shopping tourism. The city, dubbed as "Kota Kembang" or Flower City, is always crowded with tourists either from outside or inside the city who want to spend time with family on weekends or other holidays. Tourist destinations with traditional and modern atmosphere can be easily found in this city. That is why tourists are never bored to visit the city of Bandung.

The hotel is one part of the tourism sector which has a very important role. The definition of hotel according to the Decree of the Minister of Tourism Post and Telecommunications No. Km31/PW.340/MPPT-84, "Hotel is a type of accommodation that uses part and all of the buildings that provide accommodation services, food, and beverages and other supporting services to the public which are managed commercially". With

government support, the hotel business is expected to grow so that it will be able to bring in guests large enough to stay at the hotel. From the guest visit, the hotel will achieve even better profits. For consumers, the quality of service is adjusted to the specifications demanded by consumers. Consumers decide how quality is meant and what is considered important (Achmad H Sutawidjaya & Andani Yulianti, 2010).

One important factor in an effort to achieve optimal profits in food sales is to implement efficient purchasing of food ingredients both in quantity, quality and price to avoid food waste due to excessive purchases. Therefore, the accounting information system must be carried out well. An adequate inventory accounting information system can help managers to know the amount of inventory of finished goods remaining, so that managers can determine how many items will be produced to avoid excess or lack of finished goods. If the company lacks the supply of finished goods, it will certainly hinder the sales process; and thus, reduce company revenue (Dini Arwati, 2011).

One technology implementation that is widely used and proven to increase company effectiveness is ERP (Enterprise Resource Planning). ERP is an information system structure that is used to integrate business processes in manufacturing or service companies that include operations and distribution of the products produced (R. Ait Novatiani and Trigunanto H.Y, 2010).

## **LITERATURE REVIEW**

### **Management Control System**

In an organization, managers and employees must be stimulated and directed to do everything that has been set by the company and corrected if they deviate from management goals. Management control is an activity carried out by management with the aim that management does not lose control in carrying out its performance. This is in accordance with what is described by Robert N Anthony Maulana (2006: 4) in his book Management Control System as follows, "Control is all methods of procedures and strategies, including management control systems, which are used by management to ensure that implementation is in accordance with the strategy and organizational policy".

### **Internal control**

The Committee of Sponsoring Organizations of Treadway Commission or COSO (2013) defines internal control as follows, "Internal control is a process, affected by an entity's board of directors, management, and other personnel, designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance". Whereas internal control according to Jogiyanto (2000: 373) from AICPA (American Institute of Certified Public Accountants) is "internal control covering the structure of an organization and all coordinated methods and measurements established within a company for the purpose of maintaining the security of company assets and property, checking the accuracy of accounting data, increasing the operational efficiency of activities and encouraging compliance with established management policies".

## **Inventory**

The definition of inventory according to Warren (2016) is that of a merchandise that can be stored and then sold in the company's business operations and can be used in the production process or can be used for certain purposes. According to Rudianto (2015), inventory is a number of finished goods, raw materials, and processed goods that are owned by the company for the purpose of selling or further processing. Kieso et al, (2008) also believes that inventory are items of assets owned by the company to be sold in normal business operations, or goods that will be used or consumed in making goods to be sold.

## **Inventory System**

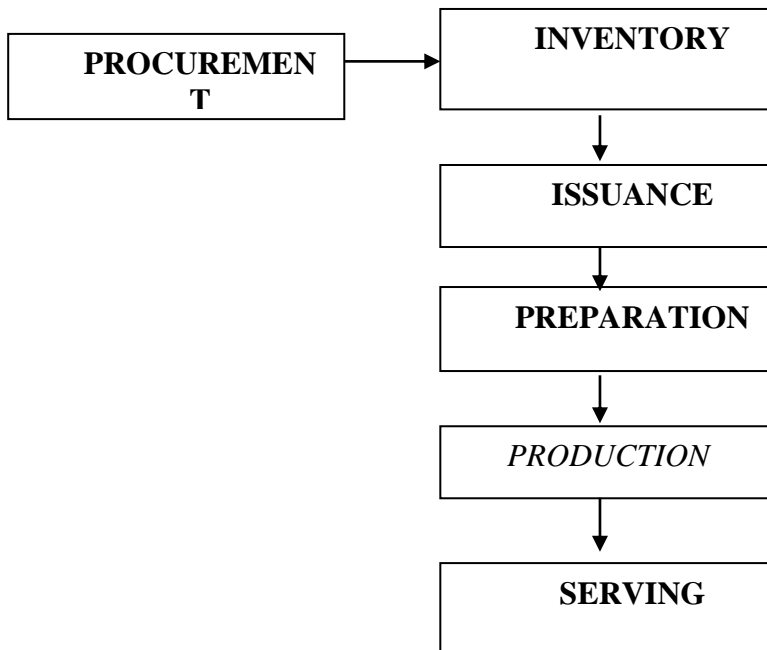
According to Rudianto (2015), there are two methods for recording inventories, there are

1. The physical method, also called the periodic method, is a method of managing inventory where the outflow of goods is not recorded in detail so that in order to find out the value of inventory at any given time, physical inventory must be calculated (stock taking) at the warehouse. The use of physical methods requires the calculation of goods (remaining) at the end of the accounting period when preparing financial statements. Several methods can be used to determine the purchase price as a basis for determining the value of inventory owned by the company in a period, namely:
  - a. First In First Out (FIFO)  
In this method, goods that entered first will be issued (sold) first, so that what is left at the end of the period is goods originating from the last purchase or production.
  - b. Average  
In this method, the goods released/sold as well as the remaining goods are valued based on the average price, so that the goods left at the end of the period are goods that have an average value.
2. The perpetual method is a method of inventory management in which inventory inflows and outflows are recorded in detail. In this method, each type of inventory is given a card stock that records in detail the entry and exit of goods in the warehouse along with the price. This method is further divided into several methods, including:
  - a. First in First Out (FIFO)  
In this method, goods that entered (bought or produced) will first be issued (sold) first, so that what is left at the end of the period is goods originating from the buyer or last production.
  - b. Moving Average  
In this method, both goods released/sold and goods that are left are valued based on moving average prices. So, the items left at the end of the period are goods that have an average value.

## **Framework**

In the process of food production from procurement to the ready to eat food, it requires a quite serious control on handling of the parts involved in this process. Each step in the food production process determines the size of the cost of production and efficiency in performance. The measures of controlling the intended production costs of food according

to Arthur Ibrahim in his book *Operational Budget and Cost Control* are described as follows:



- H<sub>0</sub> : There is no effect of controlling the purchase volume on the level of food ingredients damage.
- H<sub>A</sub> : There is an effect of controlling the purchase volume on the level of food ingredients damage.

## METHOD

The research method is a series of steps and scientific ways by a researcher to obtain data with the aim of testing the truth of a hypothesis that has been formulated previously. The type of method used in this research is descriptive analysis method. Sugiyono (2016: 147) explains that the descriptive analysis method is a statistic used to analyze data by describing data that has been collected as it is without intending to make conclusions that apply to the public or generalizations. Thus, the descriptive analysis method is a research method to find the facts that exist by using the interpretation of the data obtained during the research. The next process is to compare with the basics of the theory learned to solve the problem that was happening at the time the research was conducted.

### Research Design

The research design according to Sugiyono (2016: 56) is a plan, structure and strategy. As with plans and structures, the research design is a research plan, namely a detailed description of the entire research plan starting from the formulation of the problem, objectives, description between variables, formulation of hypotheses to data analysis as outlined in writing in the form of research proposals. In this study, the authors used a descriptive research design. According to Sugiyono (2016: 53), descriptive research is

research conducted to determine the existence of the value of an independent variable, either one or more variables (independent) without making comparisons with other variables. The design of the research design is carried out after we have set the title or topic of the research to be carried out.

### **Research Instruments**

#### **Operational Variable**

According to Sugiyono (2016: 3), the research variable is an attribute or nature or value of people, objects or activities that have certain variations determined by researchers to be studied and concluded. Operational variables are a way to measure concepts and how a concept must be measured so that there are variables that influence and influence each other, that is, variables that can cause other problems and variables whose circumstances depend on other variables. Variables used in this study are divided into two types of variables, namely independent variables and dependent variables. Then, in accordance with the title of the research, the operational variables in this study are as follows:

1. Independent Variable (X)

Sugiyono (2016: 4) states that the independent variable is the variable that influences or is the cause of the change or the emergence of the dependent variable. This variable is often referred to as a stimulus variable, predictor, antecedent. In this study, the variable X is controlling the volume of food purchases.

2. Dependent Variable (Y)

Sugiyono (2016: 4) explains that the dependent variable or dependent variable is the variable that is affected or which is due, because of the independent variables. This variable is often referred to as the output variable, criterion, consequent. In this study, the level of damage to food is a dependent variable or a dependent variable called Y variable.

### **Data Analysis Technique**

According to Sugiyono (2016), data analysis is an activity after the data from all sources are collected using statistics. Data analysis techniques for the data obtained are implemented to solve the problems that have been identified.

### **Simple Linear Regression Analysis**

Regression analysis is a relationship that is obtained and expressed in the form of mathematical equations that state the functional relationship between variables (Sudjana, 2005: 202). In calculating the regression between variable X and variable Y, we can then use the regression results to find out what is or is expected to exist between X and Y. According to Sudjana (2005), the regression is calculated using the formula:

$$Y = a + b X + e$$

Note:

Y = Dependent Variable (purchase decision)

A = y value if X = 0 (constant)

- b = Regression coefficient which indicates the increase or decrease in the dependent variable based on the independent variable
- X = Independent Variable (product quality)
- e = Residual or Error

## RESULTS AND DISCUSSION

### Discussion

#### Simple Linear Regression Analysis

Simple linear regression analysis is the linear effect between the independent variable (X) and the dependent variable (Y). This analysis is used to determine the direction of the relationship between the Effect of Management Control in Purchase Volume on the Level of Food Ingredients Damage. The results of simple linear regression with processing using *SPSS 17.00 for Windows*, can be seen in the following table 1:

**Table 1. Regression Coefficient Table**

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-20.181	7.284		-2.771	.032
	Purchase	.142	.031	.884	4.628	.004

a. Dependent Variable: The level of food ingredients damage

Based on the table above, we can get a simple linear regression equation as follows:

<b><math>Y = - 20.181 + 0.142 X</math></b>
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The equation above provides information that each increase X (purchase) of 1 million rupiahs will increase the level of damage by 142 thousand rupiahs.

#### Hypothesis testing (T test)

This test aims to show how far the Effect of Management Control in Purchase Volume on the Level of Food Ingredients Damage. This can be seen from the significant value of t calculation results. The test results using simple linear analysis, by using *SPSS 17.00 for Windows software*, can be seen in table 2 (the results of the calculation of the regression coefficient).

**Tabel 2. ANOVA(b)**

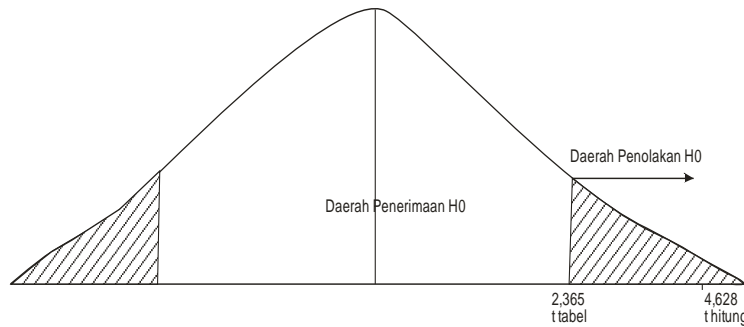
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	17.867	1	17.867	21.417	.004(a)
	Residual	5.006	6	.834		
	Total	22.873	7			

a. Predictors: (Constant), **purchase**

b. Dependent Variable: **damage**

Based on Regression Coefficient Table above, the calculated t value of -4,628 is obtained. While the value of t table with degrees of freedom equal to 7 (seven) and a level of  $\alpha = 0.05$  (5%) amounted to 2,365. ( $t_{count} > t_{table}$ ) means the purchase of food ingredients (X) greatly affects the level of damage to food ingredients (Y).

The following is the curve for the area of acceptance and rejection of  $H_0$ :



**Figure1. Graphic Acceptance and Rejection Areas  $H_0$**

Based on the picture above, it appears that the value of t calculated is in the rejection area  $H_0$ , thus it can be concluded that controlling the purchase volume of the level of damage to food has a significant effect.

## CONCLUSION

This study aims to determine the effect of Management Control in Purchase Volume on the Level of Food Ingredients Damage in Elcavana Hotel Bandung. Based on the results of research and discussion, the conclusions can be drawn based on the formulation of the problem as, volume control is very influential on the level of damage to food ingredients in Elcavana Hotel Bandung. Popularity index on menu can be used as a consideration in determining the amount of food to be purchased. By carrying out these considerations, management control is considered to have been implemented from the planning stage. This is to achieve the level of efficiency in the purchase of food ingredients in order to avoid the occurrence of food waste caused by excessive food purchases.

The steps taken by management in making effective food purchases are by implementing the purchasing procedures. By ensuring that all procedures are carried out correctly, the level of damage to food ingredients is expected to be reduced. The most dominant management control in the implementation of food purchases is carried out by the Chief Accountant and Cost Control who carry out the control function of what is done by the executor of food purchases namely Purchasing. The purchasing department in carrying out its duties refers to policies that have been determined by the controlling part in this case the Chief Accountant and Cost Control.

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