

# **Effect of Operating Costs on Profit at PT. Indonesian Port I (Persero) Medan**

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## **Abstrak**

*Every company engaged in business has the main goal in establishing a business that is profit as much as possible because profit as a measuring tool used to assess the success or failure of the company in carrying out work activities in the field of production and services. Profit is very important for the company, so important the management of the company always tries to make good plans so that the process of work activities continue to run and obtain the desired results.*

*In terms of earning profit as much as possible, it is inseparable from the factors that are related and very influential in increasing the profits that will be obtained by the company such as in general income and costs. The costs referred to in this study are company operating costs, because PT. Pelabuhan Indonesia I (Persero) Medan is a company engaged in port services which all costs incurred are operating costs. Operating costs is one that reduces the value of corporate profits so that to achieve the set profit target it is necessary to know the magnitude of the increase in operating costs beforehand, for which the company needs to plan decisions in determining its operating costs.*

*Mangingat the importance of operating costs in achieving the target of achieving profit, the author examines the Effect of Operating Costs on Profit at PT. Indonesian Port I (Persero) Medan.*

*This research aims to find out how much influence the operating costs have on profit at PT. Pelabuhan Indonesia I (Persero) Medan, where the growth rate of operating costs is quite high. While the benefits obtained are enriching the theory for the company in solving problems that occur about operating costs and profits, and increase knowledge and broaden the writer's insight regarding operating costs that have an influence on profits*

*From the research it is known that operating costs and profits tend to increase every year. This can be seen from the results of t-test calculations, obtained a value of 2.07. When compared with t table for critical area 3 ( $dk = 5 - 2 = 3$ ) with a level of 0.05% of 2.353. From the results of t arithmetic = 3 then it is shown at t table 2.353 for a normal (standard) environment that it can be proved that t count is smaller than t table ( $2.07 < 2.353$ ), this shows the effect of operational costs on profits is very significant. It's just that there are still weaknesses, where the increase in operating costs is greater than the increase in profits.*

*Keywords: Operating Costs, Profit and Costs*

## **1. INTRODUCTION**

Operational costs are one of the things that affect the company's normal activities in achieving goals, especially profits. In terms of activities to obtain optimal profit, the costs borne by the company must be minimized, including operating costs, which is one of the elements of the burden in realizing profit every period.

Profit is calculated between the difference between income and company costs. Thus the company's profit can be increased through several ways, namely:

1. Increase company revenue
2. Reducing the company's operating costs

All elements of income and expenses recognized in a period must be included in determining net profit or loss for a certain period.

From the statement above, it can be seen how important the presentation of operating costs is to realize the net profit or loss of a company.

To get the right decision in knowing the effect of operating costs on profits, management will need detailed data and relevant decisions to be made so that the resulting data becomes effective for management and on target.

**The objectives of this study are:**

- To test clearly the effect of operating costs on profits on the company.
- To find out how much influence the operating costs have on profits.

## **2. THEORY BASIS**

### **1 Definition of Costs**

Costs can be interpreted as acquisition prices or often referred to as cost prices and also interpreted as all sacrifices starting from raw materials until the material is ready for sale.

According to Mulyadi (2005: 8) Costs are objects that are recorded, classified, summarized and presented by cost accounting.

According to Muhammad Nuh, SE (2005: 28) An expense is an economic sacrifice issued during an accounting period.

According to Firdaus Ahmad Dunia and Wasilah (2009: 22) Cost is expenditure or value of sacrifice to obtain goods or services that are useful for the future, or have benefits exceeding one annual accounting period.

### **2. Definition of Profit**

In general accounting is a system of information relating to finance and is useful in making decisions for interested parties. This information system regulates the procedure for recording transactions that can be considered in the list of financial statements and one of the information is profit.

Profit is a net addition to the owner's equity that occurs because of the operation of the company. Profit is calculated from the difference between income minus costs.

Every company will try to increase profits because with high profits can influence the decisions that will be taken by interested parties. The company's ability to generate profits is an indicator of a company's achievements. Profit or loss is the result of periodic calculations. The actual profit or loss will be known if the company has stopped its activities. But of course the management of the company and other interested parties will not be patient if to know the profit or loss must wait until the company stops its activities. In fact they want to know the danger signs for the survival of the company itself as possible so they can take action. Therefore, profits are calculated regularly which is usually done once a year.

According to Aliminsyah, SE and DRS. Padji, M.A (2007: 222) Profit is any profit, profit, benefit, or excess income over costs. According to Sofyan Syafri Harahap (2007: 293) Profit is sales minus all costs less investments that have been made or will be done.

According to Darsono Prawironegoro and Ari Purwanti (2008: 121) Profit is the achievement of all employees in a company expressed in the form of financial numbers, namely positive difference between income minus expense. According to Soemarso S.R (2005: 230) Profit is the difference between income over expenses related to business activities.

From some of the meanings of profit (profit) above it can be concluded that profit comes from the difference between service revenue or sale of goods, cost of goods sold and costs over a certain period. Given the importance of profits in the company and for investors, the uninterrupted operational processes of the company are carried out with a maximum management control system. But information about profits is not only

needed to find out progress for companies and investors who have invested capital but for the government for the purpose of paying taxes that must be done for the sake of nation and state development.

Basically there are two concepts in the preparation of income statement, namely: the concept of running operating profit (current operating concept) and the concept of overall profit (all inclusive concept)

The concept of operating income (current operating concept) is the concept of making profit calculations, profit calculation only reports income and expense items that are considered recurring and normal which must be included in net income. Unusual or non-recurring items can be traced to previously reported profits which must be excluded from the calculation of profits and treated as a charge or credit for retained earnings.

Proponents of the concept of operating profit are of the opinion that users outside the company are very concerned about events that directly relate to the purpose of normal business operations because such events reflect earnings (earnings) which we then call future profits.

Proponents of the all inclusive concept argue that the sum of a series of calculation of profit and loss must reflect changes and wealth of a business from time to time (excluding capital transactions and dividends), as measured in the usual principles. Because this concept emphasizes the achievement of the long-term operations of a business and includes the influence of income or expenses that are unusual or that not recurring in net income.

### **3. RESEARCH METODE**

Determination of Research Objects

a. Types and Data Sources

1. Data Types

The type of data taken by the author is documentation data, namely studying documents relating to the object of research.

2. Data Sources

In this study the author uses secondary data sources, namely research sources obtained indirectly through intermediary media (obtained and recorded by other parties). Secondary data in the form of evidence, records or historical reports that have been compiled in archives (documentary data) published and unpublished.

b. Population and Samples

In this study, the object of research was PT.

Pelabuhan Indonesia I (Persero) Medan, where the population is all fields in the company. While the sample used is the cost accounting section.

1.5.3 Data Collection Techniques

a. Method of collecting data

In this study, the type of data the author collects to support the variables under study is documentation data which is studying documents related to the object of research.

b. Data analysis method

To analyze this study the authors used descriptive statistical methods. Descriptive statistics method is done by:

1. Simple (single) regression test

Used to predict the extent to which the value of the independent variable (operating costs) if the value of the dependent variable (profit) is changed. The equation sought is:

$$Y = a + bx$$

Where :

Y: Total dependent variable

x: Total independent variables

a: Constants

b: Variable regression coefficients x and Y

To determine the value of a and b can be searched by:

$$a = \frac{(\sum y)(\sum x)^2 - (\sum x)(\sum xy)}{n(\sum x^2) - (\sum x)^2}$$

$$b = \frac{n(\sum xy) - (\sum x)(\sum y)}{n(\sum x^2) - (\sum x)^2}$$

## 2. Single correlation

This method is used to use analysis, the strength of the relationship between variables with the formula as follows:

$$r_{xy} = \frac{n(\sum xy) - (\sum x)(\sum y)}{\sqrt{\{n(\sum x^2) - (\sum x)^2\} \{n(\sum y^2) - (\sum y)^2\}}}$$

Where :

$r_{xy}$ : Correlation coefficient between x and y

x: The raw number for variable x

y: Will it be raw for the variable y

n: Amount of data, in the sample

## 4. RESULTS AND DISCUSSION

### 1. Operating Costs at PT. Indonesian Port I (Persero) Medan

What is meant by operating costs of PT. Pelabuhan Indonesia I (Persero) Medan is the cost incurred for port service operations to achieve the objectives during the accounting period.

The classification of operating costs at PT. Indonesian Port I (Persero) Medan consists of:

#### a. *Employee costs*

Is a fee issued for the purposes of employees at PT. Indonesian Port I (Persero) Medan include:

1. Cost of employee salaries
2. Cost of company benefits
3. Costs for food allowances
4. Fee for performance benefits

#### b. *Material costs*

Is a fee issued for the needs that occur in the office of PT. Indonesian Port I (Persero) Medan include:

1. Fuel
2. Lubricating material
3. Food ingredients
4. Water material

#### c. *Maintenance cost*

Is the cost incurred for maintaining port facilities at the office of PT. Indonesian Port I (Persero) Medan include:

1. Costs for maintaining port facilities
2. Ship maintenance costs

3. Maintenance costs for port facilities
4. Port facility installation maintenance costs

*d. Depreciation and amortization costs*

Is the cost incurred for the preparation of assets calculated based on the useful life of the relevant fixed assets used at PT. Indonesian Port I (Persero) Medan include:

1. Depreciation costs for port facilities
2. Ship depreciation costs
3. Depreciation costs for port facilities
4. Depreciation costs for port facilities

*e. Insurance fee*

Is a cost incurred to insure the equipment that is in the office of PT. Indonesian Port I (Persero) Medan include:

1. Cost of insurance for port facilities
2. Ship insurance costs
3. Insurance costs for port facilities
4. Insurance costs for port facility installation
5. Insurance costs for roads and buildings

*f. Rental costs*

Is a cost incurred to finance the leasing of port facilities at PT. Indonesian Port I (Persero) Medan include:

1. The cost of renting a port facility building
2. The cost of renting a ship
3. The cost of renting port facilities
4. The cost of renting land
5. Charges for equipment

*g. Office administration fees*

Is a cost incurred for the needs that occur at the office of PT. Indonesian Port I (Persero) Medan include:

1. Print and photocopy costs
2. Costs of paper and stationery
3. Fees for sending letters and wire
4. Costs for meetings and meals
5. Bank service fees

Is a cost incurred for the needs that occur in the office of PT. Indonesian Port I (Persero) Medan include:

1. The cost of official travel
2. Allowance for accounts receivable
3. Fees for collection of accounts receivable
4. Cost of port security
5. Promotion costs

In minimizing operating costs so that the increase in profit is achieved, it is necessary to know (fluctuations) up and down operating costs for one year in the accounting period, but information on operating costs for one accounting period is inadequate so it requires several periods to find decision making.

## **2. Net income of PT. Indonesian Port I (Persero) Medan**

The income statement on the company is a tool to find out the progress achieved by the company and also know what the results or profits achieved in one period. The form and type of income statement also differs from one company to another, because it is influenced by the type of company itself. Where the income statement of the service

company is different from the income statement of trading companies and industrial companies.

Recognition and measurement of earnings is considered very necessary by management as information in various interests. Recognition and measurement of earnings is influenced by the concepts used in measuring profit itself.

At PT. Pelabuhan Indonesia I (Persero) Medan the concept of profit applied by the company is the concept of current operating (current operating concept) wherein this concept is from unusual or non-recurring items that can be traced to previously reported profits to be excluded from profit calculations and required as a charge or credit for retained earnings.

What is meant by profit at PT. Pelabuhan Indonesia I (Persero) Medan is the difference between service revenue or sales of goods, cost of goods sold and costs for a certain period. Net income at PT. Pelabuhan Indonesia I (Persero) Medan is contained in the income statement. Profit has elements that must be achieved, namely:

*a. Income*

1. Revenue of the ship service center
2. Revenue from goods service center
3. Revenue from the business center for equipment
4. Income of equipment rental service center
5. Revenue from the center for loading and unloading services

*b. Operating costs*

Operating costs are divided into two, namely direct operating costs and indirect operating costs

Direct operating costs consist of:

1. The cost of a ship service center
2. Cost of goods service center
3. The cost of the service center for the tool business
4. The cost of the pelanana rental center tool
5. Cost of loading and unloading service center
6. Other costs

Operating costs do not directly consist of:

1. OTL costs for commercial division
2. OTL fees for ship and goods service division
3. OTL costs for the loading and unloading division of the business
4. OTL costs for the UTPK operating division

*c. Income outside of business and expenses outside of business include:*

1. Difference in bookkeeping rates
2. Cash difference
3. Sales of valuable paper profits
4. Sales of other assets profit
5. Bank deposits
6. others

*d. Extraordinary posts consist of:*

1. Loss / profit on foreign exchange devaluation / appreciation
2. Loss / profit due to natural disasters
3. Other extraordinary posts

*e. Tax consists of:*

1. Current tax burden (current year)
2. Deferred tax expense
3. Effect of Operating Costs on Profit

In this study, to prove the effect of operating costs on the income statement, then using the company's five-year income statement data, namely the income statement from 2004 to 2008.

To determine the influence of operating costs (operating costs) denoted by (x) and profit denoted by (y), the author uses a simple redress formula as follows:

$$Y = a + bx$$

In this study the authors used data on operational costs and profits last year. In this study the authors only used 5 years of data. For more details, I will present it in the following table:

## **5. CONCLUSIONS AND SUGGESTIONS**

### **A. Conclusion**

Based on the description presented through the reasons for the selection of titles to the effect of the data in this study, there are several things that can be used as material and research findings in the form of conclusions as follows:

1. At PT. Pelabuhan Indonesia I (Persero) Medan, operating costs represent company expenses in the company's operations in achieving its objectives. The company's operating costs component consists of employee costs, material costs, rental costs, insurance costs, maintenance costs, amortization costs, general and administrative costs and depreciation costs.
2. The concept of profit that is applied by a company is the concept of current operating wherein this concept is from unusual or non-recurring items that can be traced to previously reported profits which must be excluded from the calculation of profit and required as loading or crediting retained earnings.

### **B. Suggestions**

Based on the analysis and results of the research carried out by writing, the authors provide advice as follows:

1. Costs incurred in the operations of PT. Pelabuhan Indonesia I (Persero) Medan so that it can be used effectively and efficiently as possible so that the maximum amount of profit is obtained.
2. In addition to costs that must be used effectively and efficiently, the performance of the company also needs to be increased in increasing revenue so that the targeted profits can be achieved.
3. The company should re-evaluate the charging of operational costs so that it can produce maximum profits.
4. The management of the company should improve supervision of the company's operational costs, because the cost of operations is a very influential factor in determining the company's profit and loss.

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