

CHAPTER 1

INTRODUCTION

A. The Background Of The Research

Every company needs a good plan to run their business. A budgeting process is a plan for the greater plan that helps executive or top management make strategic decisions and steer the company in the right direction. However, successful businesses invest time to create and to manage budgets, to prepare and to review business plans, and regularly monitor finance and performance.

Creating a budgeting process is the most effective way to keep business and its finances on track. For big company usually have some department which has their own budget to run their activity. Each department has its head as budget owner and responsible for their own budget. Without a proper budget the company may just run around in circles and not meet in long-term goals.

Budgeting identifies current available capital, provides an estimate of expenditure and anticipates incoming revenue. By referring to the budget businesses can measure performance against expenditure and ensure that resources are available for initiatives that support business growth and development. It enables the business owner to concentrate on cash flow, reducing costs, improving profits and increasing returns on investment.

However to keep the budget on track is not only finance responsibilities, but also need a good collaborative work with each of department head. All departments are required to regularly monitor actual activity to planned activity and to control their expenditure to ensure that it is in line with available funds. If required, the appropriate corrective action should be taken to resolve significant differences between actual and planned activity.

Takeda Indonesia is one of the pharmaceutical companies of foreign investors which has factory located in Tambun, meanwhile the head office is located in Kuningan, Jakarta, and several sales branch spread among Indonesia. Takeda produces various medicines, divided into two category; Prescription Medication and Products Over The Counter (OTC).

In accordance with the large capacity of working area, the organization of Takeda divided into three big elements; Head Office, Factory, and Sales Area. Both Head Office and Factory divided into some departments meanwhile Sales Area is still under control of Head Office. The writer is research is only focus on Takeda Factory Tambun, Bekasi. The organization in Takeda Factory Bekasi divided into ten departments; Packaging, Production, Management, PPIC, QA, QC, Maintenance & EHS, Warehouse, HR & Legal, and Supply Chain. On this topic regarding budgeting Finance Department is included into Management as a business partner.

Finance as a business partner called Plant Controller has two head count; Plant Controller Manager and Cost Accounting Staff. In daily operational Plant

Controller report to Plant Director, meanwhile as functional organization, to report to Regional GMS EM. As part of Finance in legal entity, Plant Controller also does coordination with Commercial.

The roles and responsibility of Plant Controller are to ensure cost plant are budgeted and controlled properly by considering any factor with adequate internal control process to support on strategic decision. The other responsibilities are also to ensure that budget on track and to increase cost awareness, cost ownership and collaboration within department (Plant Controller and each department). By those responsibilities Plant Controller need to control, to maintain and to monitor the budget together with all department instead of doing by Plant Controller itself.

The importance's of budget monitoring system are to control costs and to maximize profits. Some of the advantages of budgetary control are:

1. It defines the goals, plans and policies of the enterprise. If there is no definite aim then the efforts will be wasted in achieving some other aims.
2. It secures better co-ordination among various departments.
3. In case the performance is below expectation, budgetary control helps the management in finding up the responsibility.
4. It helps in reducing the cost of production by eliminating the wasteful expenditure.
5. As everything is planned and provided in advance, it helps in smooth running of business.

6. It tells the management as to where action is required for solving problems without delay.

As mention above about the importance's and advantages of the budget and budgetary control, the writer wants to describe the implementation of budget monitoring system at Factory of PT. Takeda Indonesia.

B. Research Questions And Scope

Based on the background of the research, the writer purposes some questions of the research, as follow:

1. What are the obstacles faced by the writer at Plant Controller staff in Factory PT. Takeda Indonesia, Bekasi?
2. What are the solutions found by the writer to solve the obstacles at Factory PT. Takeda Indonesia, Bekasi?

In this scientific paper, the writer tries to give information and also to describe about the implementation of budget monitoring system at Factory of PT. Takeda Indonesia.

C. The Objective And Significances Of The Research

The Objective of the research is to explain how company (Factory of PT Takeda Indonesia) monitors their budget.

In other hand there are several purposes of writing this scientific paper and among other things the writer wishes this scientific paper will give significances as follow:

1. For the writer

The writer can get more knowledge about the budget monitoring process and to full fill the final task in D3 program in English Department at STB JIA.

2. For the reader

This observation is expected to give some knowledge and information about budget monitoring process and can be used as references for the readers who want to conduct an observation.

D. The Operational Definition

The focus of this study was budgets monitoring system. Some of the terms maybe unfamiliar or unclear to the reader. Below are the operational definitions of the terms used in this study.

1. Plant Controller

Part of finance department who control and maintain in financial field.

Also as finance business partner for company to give value added from finance perspective.

2. Budget

A budget is a formal statement of estimated income and expenses based on future plans and objectives. In other words, a budget is a document that management makes to estimate the revenues and expenses for an upcoming period based on their goals for the business.

3. Budget Owner/Budget Holder

Budget holder or budget owner is someone in the company, typically a manager or a director, who is accountable for spending decisions in the area of their responsibility.

E. Research Methodology

Research methods are the tools used to gather empirical data. Data and information needed for this research work will be collected with the help of the qualitative research method. Qualitative research method is a qualitative approach of the survey. Interview, text analysis, observation and case study are some examples of the qualitative research method. In order to make this paperwork obtained a good results, the author used the method in two steps:

1. Field Research

This method is a direct study in a field work practice (PKL) for two months from end of March – May in Plant Controller Department. With five working days in a week starting at 08.00 am till 17.00 p.m. The writer made observations in the field by observing all activities in Plant Controller

department. This is done to obtain information and data required in the preparation of this paper.

2. Library Research

Research conducted through the literature by reading and studying scientific books and collect data from other written materials that have to do with the issues to be discussed.

F. The Systematic Of The Paper

The systematization of the research means to present the research well edited composition. This research is divided into five chapters as follow:

Chapter I: Introduction explains about the background of the research, the scope of the problem, the question of the research, the objective of the research, the significance of the research, operational definitions and the systematization of the paper.

Chapter II: Theoretical description consists of the definition of budget, pharmaceutical, factory, plant controller, budget owner/budget holder, and the relevance research.

Chapter III: Company profile consists of company history, organizational structure, and procedure work frame.

Chapter IV: Report of Observation Findings consists of data description, observation obstacles and problem solving.

Chapter V: Conclusion and Suggestion are drawn and proposed because they are deemed necessary according to the problems faced.