

Influence of Operational Costs on Net Profit of "Rm" Barbershop in Matungkas Village, Airmadidi District, North Minahasa District

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Abstract: *The financial condition and results of a company's operations as reflected in the company's financial reports are essentially the final result of the company's accounting activities in question. Information on financial conditions is very useful for various parties, both within the company and outside the company. From a management point of view, what is important is that the profits achieved are high enough, the way of working is quite efficient, assets are safe and well maintained, and the capital structure is healthy. and the company has a good plan in the financial and business sectors. Meanwhile, from a creditor's point of view, what is important is the company's ability to pay its debts, both short and long term, and this can be obtained by knowing the company's ability to pay interest and installments regularly. Revenue is the rupiah amount of the selling price per unit times the quantity sold. Companies generally expect a profit, namely the amount of rupiah or income received to be greater than the total costs charged. Barbershop "RM" Barbershop is a business located in Matungkas Village, Airmadidi District, North Minahasa Regency which has been established since 2017, and has quite a lot of customers. "RM" barbershop sets competitive prices for barber customers, namely Rp. 25,000/customer, while the total costs incurred every month are + 2,500,000. From the results of initial observations and interviews, it is known that initially this barbershop was handled by the owner and two of his employees, but because customers coming in were decreasing day by day, the owner laid off his two employees to reduce operational costs. It is interesting for the author to know the relationship between business income and operational costs on business profits which ultimately influences the owner's decision to recruit or lay off workers in an effort to maintain the continuity of his business. The aim of this research is to determine the relationship between business income and operational costs which influence business profits. The method used in this research is: Quantitative descriptive method which describes and explains independent variables to analyze their influence on the dependent variable (Sugiyono, 2019). Data is collected by means of documentation, interviews and observation, then the data is classified, which is then analyzed using financial ratio analysis.*

Keywords: *Revenue, Operational Costs, Net Profit.*

I. INTRODUCTION

Barbershop is one of 17 sub-sectors of the creative economy in Indonesia. According to the Ministry of Tourism and Creative Economy (Kemenparekraf), the creative economy is the largest contributor to gross domestic income (GDP). The barbershop business is like mushrooms that grow in the rainy season, barbershops are now continuing to appear in cities throughout Indonesia. The barbershop trend has decorated the culture of young people, there are haircut patterns for young people that look similar if not the same. Various hair styles have become trends including: Sleey Hair, The Pompadour, Uppercut, Slip Vack, Quiff, Jarhead, Elephant Trunk and Rockabilly, French Crob, Undercut, Buzz Cut, Crew Cut, Slicked Back, Taper Fade, Caesar Cut, Comb Over ,Man Bun, Mullet, Quiff, Faux Hawk, Fringe, Textured Crop, Slide Part, Long Layers, Low Fade. Ivy League, High and Tight, Comma Hair.



Figure 1. French Crop Men's Hairstyle

In contrast to beauty salons or spas, barbershops are more popular because they are popular with adults, teenagers, children and even toddlers and the tendency of men to cut their hair is 44% higher than that of women to cut their hair every month. With a haircut frequency of every month or two weeks, this business has a great opportunity to progress and Indonesia's population of 279,072,446 million people (World Population Review as of March 4 2024) is a large market share for this business. This barbershop business aims to serve consumers who want to look neat and different from usual. Carrying a modern concept, this hair barber for men not only offers haircuts but also other treatments that men actually need. Barbershops are now packaged more attractively, namely with a variety of services, and places designed with a masculine atmosphere make barbershops much sought after by men. Barbershop is a type of service business, where production and consumption activities are carried out at the same time and directly influence customer satisfaction. In the current climate of high business competition, every business must increase its competitiveness in order to be able to maintain business sustainability and increase profits optimally. If business profits increase, the business's net profit will automatically increase. From these conditions, it is hoped that management can maintain its performance well so that income can continue to increase. Revenue is the most important element in a company because revenue will determine the success or failure of a company. The correct use of funds is very important in supporting the continuity of the company to achieve its goals. To meet the company's operational needs, one alternative that can be taken is through short-term debt and long-term debt. On the one hand, this debt will give rise to a fixed burden, namely in the form of principal installments and even interest that must be paid, but on the other hand, debt is a source of funds that can be used to fund the company's profit-making activities. Barbershop "RM" is one of the various businesses in Matungkas Village, District. Airmadidi has been established since 2017, and already has quite a lot of customers. Barbershop "RM" sets competitive prices for barber customers, namely Rp. 25,000/customer, while the total costs incurred every month are + 2,500,000. From the results of initial observations and interviews, it is known that initially the owner employed 2 employees but the number of customers who came was decreasing day by day, this affected the income of this business, while on the other hand there were operational costs and bank debts that had to be paid every month, because The owner laid off his employees to reduce operational costs for the continuation of this business.

Understanding Business Income. Business income is the most important element in determining the level of profit which can be seen as the company's achievement in operating the company in a certain period. There are several types of understanding of business income, here are several views that emphasize the conceptual meaning of business income. The Indonesian Accountants Association (2019) revealed that in the Financial Accounting Standards for Entities Without Public Accountability (SAK ETAP) it defines Income as income that arises from carrying out ordinary entity activities and is known by different names such as sales, fees, interest, dividends, royalties and rent. According to Harnanto (2019), income is "an increase or increase in assets and a decrease or decrease in company liabilities which is a result of operational activities or the procurement of goods and services to the public or consumers in particular. According to Sohib (2018) revenue is an inflow of assets arising from the delivery of goods/services carried out by a business unit during a certain period "Inflow of assets or other increases in the entity's assets and/or settlement of its liabilities (or a combination of both), resulting by delivery/delivery or production of goods, provision of services, or other profit-generating activities that are part of the company's main or central operations that are ongoing during a period." From the definition, it can be said that business income is income from selling goods or services, sending goods, providing services, or other assets which are the main or central operations of the company to customers. Revenue is the main goal of establishing a company. As a profit-oriented organization, income has a very large role. Income is an

important factor in the operations of a company, because income will influence the level of profit which is expected to ensure the survival of the company.

Income Classification: Income is classified into two parts, namely: a. Operating income is income arising from the sale of merchandise, products or services within a certain period within the framework of the main activities or which are the main objectives of the company which are directly related to the main business (operations) of the company concerned. This income is normal in accordance with the company's goals and efforts and occurs repeatedly as long as the company carries out its activities. Each company has different operating income according to the type of business the company manages. One type of company operational income is income originating from sales. These sales take the form of sales of goods and sales of services which are the main objects and targets of the company's main business. This sale can be divided into two forms, namely: 1. Gross sales are income from sales before returns, discounts and sales commissions. 2. Net sales are total sales revenue minus reducing factors such as returns, discounts and commissions. b. Non-operating income. Is income obtained from side activities or not from the company's main activities (outside the main business) which is incidental. These types of income can be differentiated as follows: Income obtained from the use of the company's assets or economic resources by other parties, namely: a. Interest is a charge for the use of cash or cash equivalents or amounts owed to an entity; b. Royalties are charges for the use of an entity's long-term assets, c. Dividend is the distribution of profits to equity investment holders according to the proportion of their ownership of a certain group of capital. 2. Income obtained from the sale of assets other than merchandise or production results. It is very necessary to separate or divide income flowing from various sources so that accuracy can be achieved in making decisions for external parties, especially users of financial reports.

Understanding Operational Expenses. Expenditures for each business activity need to be addressed, because it is possible for discrepancies in expenditures for each company's work activities to occur, resulting in increased expenditure within the company for nothing. Operating expenses according to Manduh M.Hanafi and Abdul Halim (2007) state that operational expenses are outgoing assets or other parties utilizing company assets or the emergence of debt or a combination of the three during the period when the company produces and delivers goods, provides services or carries out other activities which are main operations of the company. According to Usry, Milton F and Lawrence H. Hammer (1996): "states that operational expenses are costs that are borne by the company and are closely related to the company's main business". So it can be concluded that operational expenses are costs that are related to or directly influence the company's activities, In general, the aim of company activities is to earn profits, the largest element of profit is operating income, in other words operational expenses are an economic resource in an effort to maintain and generate operational income. **Operational Expense Classification.** The classification of operational costs is: 1. Manufacturing cost is the sum of three cost elements, namely: • Direct expense costs are all costs that form an integral part of finished goods and that can be included directly in the production cost calculation. • Direct labor costs are a number of budgets that are related to the manufacture of a product. For example, employees who are deployed to convert raw materials into finished goods, for example, carpenters in the furniture industry. • Factory overhead costs are factory costs incurred other than raw material costs and direct labor costs that are not charged directly to a product. These costs are like unexpected costs and cannot be directly identified with goods produced by the manufacturing industry. However, these costs must still be taken into account to avoid detrimental impacts. 1. Commercial expenses are divided into two, namely marketing expenses and administrative expenses: • Products or merchandise where these costs arise in Marketing expenses are all costs incurred in the context of marketing when the production process is completed and the goods are ready to be sold. • Administrative expenses include costs incurred in managing and controlling the organization including costs in determining planning policies, directing and supervising company activities as a whole.

Net profit : Profit is definitely the most important thing in a business. Because increasing profits will provide motivation for the company to continue to develop its business to be better (Manda, 2018). Every income and expense will be included in the business profit calculation. These expenditure and income transactions are summarized in the income statement. Net profit or in English called net profit is the profit obtained after deducting taxes. In more detail, this profit is the profit obtained from the difference between income and costs after tax has been deducted. Additionally, net income has many other names, such as earnings before interest, taxes, and depreciation. In essence, the use of this term is to clarify where the profit is obtained. For example, in the term profit before interest and tax, this profit is obtained from the profit before interest and tax costs are deducted. These different terms really help managers and investors to determine future business decisions through various financial ratio calculations. This profit is calculated based on transactions that actually occur in a certain period. Profits are obtained from business activities such as buying and selling goods. In the trading sector, profit is called profit. Meanwhile, the profit investment sector is better known as profit. In calculating net profit, the main concept used is gross profit minus operating expenses. This gross profit is obtained from net sales minus the overall cost of goods sold. Net sales are obtained from gross sales minus transportation costs,

sales costs and sales discounts. Then, this profit is obtained from the difference between gross profit and operating expenses. These business expenses can be in the form of expenses or costs used for the company's operational or non-operational needs. Operational costs or operating expenses are costs incurred by the company for the company's operational needs. For example, administrative costs, transportation costs, marketing costs, and rental costs. In contrast to operational costs, non-operational costs or non-operational expenses are costs incurred for activities that have nothing to do with operational activities. For example, tax costs, interest costs, depreciation and amortization costs. Other Income. if there is other additional income, it can also be added. For example, interest income and income from the sale of company assets. Cost of Goods Sold is the final element that forms profit obtained from all costs incurred to produce goods. Before getting to know more about the net profit calculation formula, you must understand several terms that will be used to obtain the profit value. There are three new terms you need to know, namely EBITDA, EBIT, and EBT. 1. EBITDA (Earning Before Interest, Tax, Depreciation and Amortization), EBITDA is better known as earnings before interest, tax, depreciation and amortization. EBITDA is obtained from the difference between interest expenses and operational costs. 2. EBIT (Earning Before Interest and Tax) EBIT is the term earnings before interest and tax in Indonesian. EBIT is obtained from the difference in the value of profit before tax, interest, depreciation and amortization or EBITDA and depreciation and amortization costs. 3. EBT (Earning Before Tax) EBT is an abbreviation of what is defined in Indonesian as profit before tax. The EBT value is obtained from the difference between the sum of interest expenses and interest income and profit before tax and interest. How to Calculate Net Profit: Net Profit Formula Net Profit = Gross Profit – Company operating expenses during a certain period. According to Kasmir (2019), the definition of net profit is profit that has been deducted from costs which are the company's burden in a certain period, including taxes. (Cashmere 2019). The main purpose of profit is to: Source of company reserve funds to meet the company's investment, development and emergency fund needs. Source of funds to pay company debt. Source of funds to finance operational costs and raw materials. It can be concluded that companies must strive to generate profits to improve company quality and meet company needs. Apart from that, with profits, companies are able to predict the sustainability of their company for the next few years using investment and risk management calculations.

II. RESEARCH METHODOLOGY

This research uses quantitative descriptive research. According to Sugiyono (2017), this research method is based on the philosophy of positivism as a scientific or scientific method because it fulfills scientific principles in a concrete or empirical way, objectively, measurably, rationally and systematically. The location of this research is Matungkas Village, Airmadidi District, North Minahasa Regency. The population and sample in this research are: Population: All customers of the "RM" Barbershop Business. The data used comes from primary data "is data taken directly from the "RM" Barbershop Business and secondary data is data obtained from books and other literature. Data collection techniques were carried out by means of questionnaires, documentation and interviews. Data Analysis Technique: uses financial ratio analysis to determine the influence of income and operational costs in generating business profits which ultimately influences the owner's decisions in running his business. The stages of data analysis techniques are sequenced as follows: Collect data obtained from the company consisting of cost data, production results data, selling prices, and sales results data. 1. Classify operational and non-operational costs. 2. Calculate the variation in the number of units sold. 3. Calculate price level variations. 4. Calculate the amount of income. 5. Calculate the total operational costs. 6. Calculate business profit. 7. Analyze the influence of income and operational costs that produce business profits, which ultimately influence the owner's decisions in running his business.

III. RESULTS AND DISCUSSION

Every company, whether a service or manufacturing company, has the main goal, namely to obtain maximum profits, and every business activity carried out by a company requires costs, including operational costs. Operational costs are company expenses. Operational costs consist of expenses by the company to carry out company activities that are useful for achieving company goals (Yelsha Dwi P, 2019). The following is a summary of the operational and non-operational costs of "RM" Barbershop for the period June - August 2024 as presented in tables 1 and 2 on the following page.

Table 1. Operational Costs of "RM" Barbershop Period June – August 2024 (Rp)

Operating costs	June	July	August
Daily Employee Wages	1.290.000	1.260.000	1.460.000
Shophouse Rental Cost	1.000.000	1.000.000	1.000.000
Depreciation Cost	-	-	-

Consumables Cost	160.000	140.000	200.000
Electricity	150.000	135.000	150.000
Water	50.000	50.000	50.000
Telephone	100.000	150.000	150.000
Repair Cost	-	50.000	50.000
Total Cost	2.750.000	2.785.000	3.060.000

Source: Data Processed Results.

Table 5. Non-Operational Costs "RM" Barbershop
Period June – August 2024
(Rp)

Non-Operating Costs	June	July	August
Loan	1.000.000	1.000.000	1.000.000
Interest Cost	100.000	100.000	100.000
Bank Transfer Cost	25.000	15.000	25.000
Promotion Cost	50.000	100.000	100.000
Tax	-	-	-
Total Cost	1.175.000	1.215.000	1.225.000

Source: Data Processed Results.

Business income is the most important element in determining the level of profit which can be seen as the company's achievement in operating the company in a certain period. The following is the income earned by this Barbershop during the June - August period as seen in table 3 below:

Table 3. Income "RM" Barbershop Period June – August 2024 (Rp)

Description	June	July	August
Income			
Hair Cut	3.225.000	3.150.000	3.750.000
Hair Dye	400.000	400.000	350.000
Powders	400.000	450.000	400.000
Total Income	4.025.000	4.000.000	4.500.000

Source: Data Processed Results.

From this data, it turns out that in June 2024, this business will receive income of Rp. 4,025,000, while the costs incurred were Rp. 3,925,000, so this business only produces a profit of Rp. 100,000. Furthermore, in July 2024, this business will only earn income of Rp. 4,000,000 and expenses are also IDR. 4,000,000, so it is only at the break-even point, which means there is no profit or loss. In August 2024, this business generates income of IDR 4,500,000, while the costs incurred are IDR 4,285,000, so there is a difference of IDR. 215,000, which is the profit in August 2024. From this calculation it turns out that this business has not been able to maximize its income, this is apparently due to the large operational costs incurred. The biggest operational costs are daily employee salaries which must be paid in cash every day, which in June amounted to Rp. 1,290,000, in July it was IDR 1,260. 000 and in August it was IDR 1,460,000. The daily salary of these employees fluctuates according to the number of consumers who come to get their hair cut at "RM" Barbershop, where each consumer is paid Rp. 10,000, for employees. The second operational expense is the shophouse rental fee, which is IDR per month. 1,000,000, while the shophouse was only used for 25 working days. Furthermore, bank installment fees and bank interest which must still be paid per month are IDR. 1,100,000, this makes it increasingly burdensome for owners to manage their business finances. Therefore, the owner took the decision to lay off 2 existing employees, so that the continuity of this business could be maintained.

IV. Conclusion and Suggestion

Conclusion

1. Operational costs for the "RM" Barbershop business in June 2024, reached IDR 2,750,000, this amount increased slightly in July 2024 to IDR. 2,785,000 and will continue to increase in August

2024 to reach Rp. 3,060,000, so it can be concluded that the operational costs of this business have an upward trend, as well as non-operational costs which in June were IDR 1,175, in July they rose to IDR 1,215,000 and in August they rose again to IDR. 1,225,000.

2. "RM" Barbershop's income from June to August 2024 experienced fluctuations, meaning there were increases and decreases.
3. The large business costs, in this case the operational costs and non-operational costs incurred, resulted in the termination of employment relations with 2 employees, this was done to maintain the life of the company.

Suggestion :

1. Owners must find solutions to reduce operational and non-operational costs so that business continuity can be guaranteed.
2. Business income must be increased, by promoting or selling other products so that the business can continue.
3. Communicate with employees about the difficulties they are experiencing to find a win-win solution, so that layoffs can be avoided.

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