

## ANALYSIS OF OPERATING EXPENSES BUDGET AS A COST CONTROL TOOL IN COMPANIES

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<p><b>Received:</b> 17/01/2026</p> <p><b>Received:</b> 26/01/2026</p> <p><b>Publishing:</b> 01/03/2026</p> <p>Correspondence*</p> <p>This work is licensed under the <a href="#">Creative Commons Attribution 4.0 International License</a>.</p>	<p><b>Abstract</b> - <i>The operating expense budget is a crucial component of a company's financial planning and control. A well-prepared budget can assist management in controlling operational costs, ensuring efficient and effective company operations. This study aims to analyze the role of the operating expense budget as a tool for controlling company operational costs and identify the obstacles encountered in its implementation. The research method used is qualitative descriptive research with a literature review approach. The results indicate that the operating expense budget plays a significant role in helping management plan, control, and evaluate the company's operational performance. However, budget effectiveness is still influenced by the accuracy of planning, management commitment, and the company's ability to conduct ongoing monitoring and evaluation.</i></p> <p><b>Keywords:</b> <i>budget, operating expenses, cost control, financial management.</i></p>
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### Introduction

In an increasingly competitive business world, companies are required to be able to manage resources efficiently to achieve the goals that have been set. One of the important aspects of company management is the control of operational costs. Uncontrolled operational costs can reduce profit levels and disrupt the company's business continuity. The operating expense budget is a management tool used to plan and control company expenses related to daily operational activities. Operating expenses include sales costs, administrative and general costs, as well as other costs incurred in order to support the company's main activities. Through the budget, management can set spending limits and evaluate the realization of costs that occur. However, in practice, there are still many companies that face difficulties in structuring and implementing operating expense budgets effectively. Inaccuracies in planning, lack of supervision, and changes in the company's internal and external conditions often lead to deviations between budgets and cost realization.

Based on this description, this study aims to examine the role of operating expense budgets as a cost control tool and identify factors that affect the effectiveness of its implementation in the company.

## **Research Methods**

The research method used in this study is a qualitative descriptive method with a literature study approach. The research was conducted by reviewing various literature related to budgets, operating expenses, and company cost control. The data used is in the form of secondary data obtained from accounting and financial management textbooks, scientific journals, and other relevant sources. Data analysis is carried out qualitatively by describing the concepts of operating expense budgets and their role in controlling the company's operating costs.

## **Discussion**

### **1. Definition and Scope of Operating Expense Budget**

An operating expense budget is a financial plan that contains an estimate of the company's entire operating costs in a certain period. This budget includes sales costs, administrative and general costs, and other operational costs that are not directly related to the production process. The main purpose of preparing an operating expense budget is to assist management in planning the efficient use of resources as well as as a guideline in controlling the company's expenses. With a budget, companies can anticipate the need for funds and avoid wasting costs.

### **2. Function of Operating Expense Budget in the Company**

The operating expense budget has several important functions, including as a planning tool, coordination tool, and control tool. As a planning tool, budgets help management set target costs to be incurred. As a coordination tool, the budget aligns activities between departments within the company. Meanwhile, as a control tool, the budget is used to compare the planned costs with the realized costs. Through these comparisons, management can find out any irregularities and take corrective action if necessary.

### **3. The Role of the Operating Expense Budget as a Cost Control Tool**

The operating expense budget plays an important role in controlling the company's operating costs. With a budget, every part of the company has spending limits that must be adhered to. This encourages the creation of budget discipline and improves the efficiency of resource use. Cost control is carried out by analyzing the difference between the budget and the realization of operating expenses. Unfavorable differences need to be traced to the cause so that they do not recur in the next period. Thus, the budget becomes a tool for evaluating management performance in managing operational costs.

#### **4. Obstacles in the Preparation and Implementation of Operating Expense Budgets**

Despite having an important role, the implementation of operating expense budgets often faces various obstacles. These obstacles include a lack of accurate historical data, changes in economic conditions, and low commitment of management and employees in implementing the budget. In addition, the lack of regular supervision and evaluation also causes the budget not to function optimally. Therefore, companies need to improve the quality of planning and control so that the operating expense budget can run effectively.

#### **Closing**

#### **Conclusion**

Operating expense budgets are an important tool in planning and controlling a company's operating costs. Through the budget, management can plan the use of costs efficiently and supervise the realization of expenses. However, budget effectiveness relies heavily on precise planning, continuous supervision, and the commitment of all parties in the company.

#### **Suggestions**

Companies are advised to prepare operating expense budgets realistically and based on accurate data. In addition, periodic evaluations and increased coordination between parts are needed so that the budget can function as an effective cost control tool.

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