

UDC 336

## THE CRITICAL PERSPECTIVE ON STANDARDS COST OF PRICING DECISION ON PRINTING MONEY IN FRAME OF HABERMAS THEORY

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### ABSTRACT

This research was conducted to examine how the standard cost was formulated. Formulation is more seen in the purpose of using a standard cost, especially for companies that will collaborate to produce a price agreement, where the parties have a target cost which is used as cost effectiveness. There are many methods that can be used to formulate a standard cost, which in the end all methods lead to the goal of setting a standard cost. The research method used in this study is a critical qualitative method using action communication theory - Jurgen Habermas as an analytical tool in looking at the effectiveness of the process of formulating standard costs. This research was carried out at state companies, which collaborated by basing on standard costs, namely Bank Indonesia and Perum Peruri. The results of the study show that the use of standard costs in the collaboration of printing money printing prices does not only show the amount of costs incurred in the process of printing money, but must include margins to parties considered as sellers.

### KEY WORDS

Standard cost, the money printing price, cost effectiveness, communication action.

Before operating routinely, both profit-oriented and non-profit organizations always formulate the goals and objectives to be achieved. These goals and objectives are set as a target of operations, which will then be followed by selecting the strategies used to achieve them. Furthermore, the management of the organization will carry out the control process on the implementation of activities to achieve the targets and targets that have been set effectively and efficiently. Targets and targets are operating control policies, especially those related to the implementation of cost effectiveness strategies in an organization.

Cost effectiveness in accounting, especially management accounting is considered as a measure of performance, operating targets, or profit targets that must be realized. Technically, the term cost effectiveness describes a usefulness analysis of costs incurred related to the implementation of an activity. This analysis is often also referred to cost effectiveness analysis (CEA), which is another alternative to cost-benefit analysis. This technique compares costs relative to the results (effects) of two or more choices of program activities (Tan, 2003). Analysis is usually used to provide an overview of the optimization of the costs incurred from various alternative actions.

In management accounting practices, the use of a method or technique is usually not tied to a certain norm, as must be done in financial accounting practices. The choice of management accounting techniques or methods is usually very dependent on the goals or objectives (perspective) decisions that will be made. Sometimes, method selection decisions are closely related to certain interests in disguise for management. Such interests are considered as interests that are loaded with objectification (Bourguignon, 2005). That is, the selection of certain accounting methods has certain hidden contents. Usually, it is packaged

in an interesting way and polite language, for example by calling it an effort to create the value.

This research was conducted at a state institution that will implement a partnership for the procurement of goods or services, which is based on a contract. A collaboration between two institutions that are certainly have an effective cost policy. Namely, a cooperation contract based on standard costs in pricing print money, carried out by Bank Indonesia (BI) together with the Republic of Indonesia Public Money Printing Company (Perum Peruri). The printing price of money is a sum of money that must be paid by BI as the party that gives orders for printing money to Perum Peruri as the party that does the printing of money.

There are many assumptions that the process of an agreement between the two institutions that are equally owned by the government will run easily without obstacles. State companies are seen as institutions that aim to provide services to the public. It is supposed that this institution would manage an economic activity, then its management must be based on economic democracy for the common good, carried out efficiently and fulfilled aspects of justice, and must pay attention to environmental impacts (Undang-Undang Dasar 1945, 1945). The problem is how the management that meets many of these aspects must be done. Is the use of a management model with performance indicators on state companies suitable or in accordance with the management model with performance indicators on companies that are oriented to profit optimization. If the answer is "yes or appropriate", then it can be a management practice like this that will potentially disorient the manager of the state company. Moreover, if this management must involve cooperation between one institution and another state-owned institution, then the concern of "disturbance" towards goal congruence from the parties that establish cooperation is very high. Likewise in the case of determining the standard cost that is used as the basis in determining the money print price agreement. How is the process of determining the standard cost carried out, where the parties involved in the collaboration have different cost effectiveness.

## **LITERATURE REVIEW**

Standard cost is the standard terminology in accounting, especially in management accounting. The term standard cost is defined as a number of costs that are the basis or size to be spent in producing one unit or a number of certain goods or services (Horngren et al., 2010). Standard costs are usually used in controlling the company's operations. As an operating controller the standard cost will function as a measure of operating performance. Where standard costs are used as instruments in evaluating company performance.

In companies with certain operating characteristics, standard costs are used as the basis in implementing cooperation contracts between buyers and sellers which are often known as procurement contracts or purchase contracts. In a purchase contract, the buyer will buy a number of products or services at a price based on the amount of costs incurred plus the margin agreed in the contract. Likewise, on the contrary, the seller will sell a number of products or services at prices based on a number of costs that have been incurred plus a certain amount of margin agreed upon in the contract.

A work contract is usually triggered by the existence of environmental uncertainty or because of a substantial investment need in an agreement to be taken (Chao, 2011). In another context, the basic premise in cost transaction analysis states that high risk opportunity factors further encourage the need for formal contracts (Rindfleisch and Heide, 1997). In addition, in situations of high uncertainty, long-term work contract agreements, it is very important to renew contracts periodically and formally stated (Macneil, 1980).

The choice of method or system is usually adjusted to the characteristics and objectives of setting the standard cost. The choice of the appropriate method is strongly influenced by environmental conditions, including the culture in which the company is located. Regarding the practice of method selection or the use of cost systems, Bourguignon, Malleret, and Norreklit (2004) revealed that although French citizens welcomed the use of the concept of balanced scorecards which had developed and greatly appreciated business practices in America, business people in France still used the concept

of tableau de bord as a more suitable cost system. This is more due to the use of people who are used to using it for a long time. This opinion reinforces the notion that accounting thinking and practice in a region is influenced by evolving environmental factors (Field, 1996).

The researcher assumed that environmental influences also occurred in the cooperation contract for the procurement of state funds of the Republic of Indonesia (hereinafter referred to as money) carried out between Bank Indonesia and Perum Peruri. Cooperation contracts must always be updated periodically. The reason for updating is a response to changes in factors that are used as basic assumptions in the preparation of contracts. For example, there are changes in inflation rates, changes in investment levels, and changes in the level of operating capacity. The process of selecting a method, the process of determining the agreement in negotiations, and the decision-making process on the choice of actions in communication theory must be carried out through a process of social interaction. This process according to Habermas (Habermas, 1989), is considered as a process or mechanism of integration.

In the perspective of legislation in Indonesia, Bank Indonesia as the controller of the money circulation policy and supervisors has full authority as an institution that has the right to spend money, including in making money printing. This is very deep as stipulated in the Law concerning Currency No.7, 2011. In fact, Bank Indonesia also has a task as a) Establish and implement monetary policy ; b) Regulate and maintain the smooth payment system; and c) Regulate and supervise the Bank. Periodically, Bank Indonesia is also required to account for its performance through an audit process conducted by the Supreme Audit Agency (BPK). Regarding the procurement of money, Bank Indonesia will be held accountable for the costs incurred for the process of procurement of money. As a policy controlling institution and controlling money circulation, as well as an institution that must be responsible for each operating policy, it is normal for operating controls to be directed towards the realization of good, effective and efficient performance as a target cost effectiveness parameter.

In another context, Perum Peruri as a State-Owned Enterprise (BUMN) was established to print money ordered by Bank Indonesia. In carrying out its role, Peruri Perum itself is based on statutory provisions that regulate its existence as a business institution regulated by the Ministry of. As a business institution, Perum Peruri is required to carry out control of its operations by basing it on the principles of good, healthy and profitable corporate governance which are considered as indicators of its performance success or as a target of cost effectiveness. Thus, the control management process normally carried out by Perum Peruri management will direct all available resources to create good performance, thus leading to the expected profit as a form of target cost effectiveness that must be realized.

In each decision-making process, including in terms of decisions on the determination of standard costs, both independently and collectively involving various parties, a communication or negotiation process is needed so that an agreement is reached. The process of obtaining this agreement according to Habermas is referred to as the rationalization process (Habermas, 1989). The process of rationalization is an individual dialectical process towards the social environment so that a decision is taken. Furthermore, the process of rationalization is considered as an effort to free themselves from the cage of modernity (which is rational, all material and nominal) towards a situation of enlightenment or comfort in life. With the approach he built, Habermas answers through questions that have been formulated in several stages, which are then called stages of rationalization. These stages include: first, the stage of recognizing what the ratio really is? Second, the stages about how the ratio varies? Third, the stage of conducting an investigation, namely how does the process of community rationalization occur? Finally, the stage to try to show what kind of ratio can make the community escape from the colony (or the researchers call it what connotes a cage)?

The process of determining the standard cost also needs to pay attention to and understand the interests of various parties involved or interested, so that the communication process towards agreement becomes easier, smooth and effective. This process by Blumer

is referred to as the symbolic interaction process (Blumer, 1971). This process is often also referred to as the process of meaning in order to understand the interests of each party that will cooperate. The main premise of symbolic interaction proposed by Blumer is that human actions in doing something because of the meaning of something that is perceived; The meaning is obtained from social interactions carried out with other people; The meanings obtained are then refined during the process of social interaction.

The efforts to build a standard cost that meets the agreement can be done by reconstructing how the social interaction occurs in the standard cost formula process itself. Reconstruction means making or drawing back from existing materials. Reconstruction by taking into account the parties concerned, with regard to various interests of each, so as to avoid excessive subjectivity that can obscure the meaning of the desired standard cost. This reconstruction process is considered as a process of social reconstruction or reconceptualization of the concepts of actions, structures and systems that are initiated by looking at ongoing social practices (John Lechte, 2001).

### METHODS OF RESEARCH

The selection of research methods is important in a study, even it has a very important position. The selection of research methods will influence the quality of the knowledge that will be produced (Margolin & Margolin, 2002). In addition, there are links between the nature of the study, starting from the formulation of research questions, research objectives, methods or approaches used, and scientific perspectives or research paradigms (Babbie, E. 2012).

This study uses the theory of communication actions as an analytical tool developed by Jurgen Habermas. This theory is considered to represent critical thinking because it is always related to criticism of real social relations. His thinking also reflected the dialectical context in the face of the structure of oppression and emancipation. This thought is considered not to isolate oneself which stops at one point as is usually a theory that is distant from social reality. A thought can be derived as a methodology if it is synchronized with the basic assumptions in the context of the research issue (Kamayanti, 2015).

Table 1 – The Table of The Claim Communication Action As An Analysis Unit

No.	Claims Of Communications	Parameters	Objectives
1.	Truth	<ul style="list-style-type: none"> <li>Natural.</li> <li>Objective</li> </ul>	The communication process is carried out in a rational manner and carried out objectively as it is.
2.	Accuracy	<ul style="list-style-type: none"> <li>Availability of norms and rules.</li> </ul>	The communication process is carried out in accordance with established norms.
3.	Honesty	<ul style="list-style-type: none"> <li>Do not use each other or there is coercion from various parties.</li> <li>There is mutual understanding.</li> </ul>	The communication process is done as it is without any coercion, pure agreement because of mutual understanding.
4.	Comprehensive	<ul style="list-style-type: none"> <li>The interests of the parties.</li> </ul>	Communication is carried out by taking into account the various interests of the parties and comprehensively.

Habermas said, there are four kinds of truth claims or successes in communication (Habermas & McCarthy, 1987). If there is agreement about the natural and objective world, it means reaching "truth claims" (truth). If there is agreement on the implementation of norms in the social world, it means achieving "rightness claims". If there is agreement on the compatibility between the inner world and one's expression, it means achieving "authenticity or honesty" (sincerity). Finally, if the communication process reaches agreement on the four claims above, it means that communication reaches "comprehensive

claims" (comprehensibility). Every effective communication must reach this fourth claim, and those who are able to do so are called having "communicative competence".

These are four communication claims, which are claims of truth, accuracy, honesty, and comprehension, are then used as the basis of the analysis in this study. That the communication process is considered to have reached a consensus of mutual understanding, if it is based on the four truth claims.

## RESULT AND DISCUSSION

The analysis of research data shows the reality associated with communication claim parameters as follows.

*Truth.* Whereas in the process of determining the standard cost used as the basis for determining the printing price of money is a cost standard that has reflected the truth. It is believed by the parties, both by Indonesian banks and by Perum Peruri as an effort that must be made based on the prevailing norms and efforts to understand each other's needs.

*Accuracy.* The parties in preparing the standard cost always base on the norms on which the parties are based. It is good that it concerns regulatory norms and norms of norms as an institution that is responsible for the public. *Honesty.* Whereas in formulating standard costs, although sometimes it looks hard and firm, but it does not intend to impose the will or seek victory, it wants to show that this process is honestly carried out in accordance with the spirit of the role of the party represented.

*Comprehensive.* In communicating in determining the standard cost always pay attention to various interests including understanding other interests. It done so that the process of determining the cost standard does not interfere with the main effort, namely meeting the needs of the money in circulation.

Table 2 – The Table of Research Data Analysis

o	Claim of Communication (Habermas)	Parameters	Facts and Arguments
1.	Truth	<ul style="list-style-type: none"> <li>• Natural.</li> <li>• Objective</li> </ul>	<ul style="list-style-type: none"> <li>• In accordance with the mandate of the currency law, Bank Indonesia is the only institution assigned and given the authority to print money.</li> <li>• The law stipulates that printing is carried out by state-owned companies engaged in printing. Because BUMN is only engaged in printing money, Perum Peruri, then there is a relationship between buyers and sellers, namely BI as a buyer and Peruri as a seller</li> <li>• Before there is a cost standard that determines costs that will be used as a reference for the payment of the print price of money is rather difficult.</li> <li>• Over time, guidance is given to use a particular method that can bridge between Bank Indonesia and Perum Peruri, a standard cost model that is prepared by independent consultants as a bridge between BI and Perum Peruri in negotiating money printing prices, since the year 2009</li> <li>• Standard cost is a tool used as a basis in an agreement. Our behavior is a reflection of the attitude guided by existing norms.</li> </ul>
2.	Accuracy	<ul style="list-style-type: none"> <li>• Availability of norms and rules.</li> </ul>	<ul style="list-style-type: none"> <li>• As a state institution, both BI and Perum Peruri are governed by law.</li> <li>• Perum Peruri has the task of running a money printing business. Bank Indonesia is given the authority to manage money, so both are bound by their respective provisions.</li> <li>• The problem is how to get the right standard cost</li> </ul>

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			<p>number, this is the reason for using the independent consultant to believe that all the supporting documents provided by Perum Peruri are valid data, which is taken from a formal accounting system, so that it can produce standard numbers costs that can be useful in determining the right HCU.</p> <ul style="list-style-type: none"> <li>Regarding the superior - superior relationship problem, there has been a deadlock, which in the end on the technical team did not reach the right, then it was the BI leadership and BUMN leaders who finally came down to agree on the price. Finally, from the BUMN ministry, it gave an order to Peruri to immediately agree on the specified price.</li> </ul>
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3.	Honesty	<ul style="list-style-type: none"> <li>Do not use each other or there is coercion from various parties.</li> <li>There is mutual understanding.</li> </ul>	<ul style="list-style-type: none"> <li>Regarding honesty, it might need to be underlined that this is an assignment from the State, no individual either in BI or in Peruri feels that it benefits from getting a lower price or vice versa.</li> <li>In doing work we try to be objective and independent</li> <li>Consultants carry out evaluations, but we also benchmark to several central banks to find out reasonable prices and margins.</li> <li>We believe that honesty is also done by Peruri in providing necessary data and documents.</li> <li>The consultant will retrieve data from a system. If there is data that is not honest then it will be easily captured and easily traced into the system, also Peruri's independence is also evaluated by an independent consultant so that even the agreement between BI and Peruri takes place.</li> </ul>
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.4.	Comprehensive	<ul style="list-style-type: none"> <li>There are interests of the parties.</li> </ul>	<ul style="list-style-type: none"> <li>In the first stage, discussing standard costs, we always reminded that this is not in the interest of BI, this is the people's interest in the form of availability of money. So, like the human body, the money is blood that channel the arteries of the economy from Sabang to Meraoke.</li> <li>The availability of money is very important for the State, so the assignment to BI and Peruri must be seen as the implementation of state duties.</li> <li>Although the preparation of standard costs involves independent consultants residing in BI, but from the beginning, starting from the manufacture of TOR, the requirements of the consultant's Peruri process are always involved.</li> <li>We share fees to pay consultants so that the consultant can bridge and not be biased to either party.</li> </ul>

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## CONCLUSION

Based on the results of data analysis, it can be concluded that the effectiveness of cooperation based on standard costs in determining the price of printing money must be based on a good communication process. This communication is called the process of emancipatory dialogue. A good communication process will encourage an agreement that can meet the parties who work together. Standard costs are not only understood as the total costs that must be considered in the process of creating goods, but also must include appropriate margins for parties categorized as sellers. Communication must be built to understand the reality of the facts and the arguments of the parties so that a situation can be received. Particularly in the money pricing decision, the standard cost will be very strong when paying attention to the reality of the facts and the arguments of the parties who will make the agreement.

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