

THE FORMULATION OF TOUR SERVICE PRICE WITH ACTIVITY-COST PLUS PRICING METHOD (CASE STUDY AT PT. AIRLANGGA GLOBAL TRAVELING)

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ABSTRACT

This study aims to determine the formulation of the sell price for service of tour package at travel companies. This research was conducted at PT Airlangga Global Traveling Surabaya. The analytical method used in this study is a comparative descriptive, is the analysis of the currency selling price of tour package services, determining the cost method based on activity cost plus pricing, then comparing the selling price of tour package services based on current methods with activity cost plus pricing. The result of this research showed that the calculation of the selling price of the company method is too high when it compares with using the activity cost plus pricing method. This is due to the imposition of indirect cost on each of the tour package service products that have been able to allocate cost appropriately based on the consumption of each activity. This research contributes to PT Airlangga Global Traveling itself, that they could be allocate indirect cost using Activity Cost Plus Pricing to formulate the right selling price. Other than that, this research also contributes to the literature history regarding TDABC which is still very rarely written in detail case step-by-step.

Keyword: Activity Cost Plus Pricing, Tour Package, Selling Price

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ABSTRAK

Penelitian ini bertujuan untuk mengetahui bagaimana formulasi harga jual jasa paket wisata pada perusahaan travel. Penelitian ini dilakukan di PT Airlangga Global Travelling Surabaya. Metode analisis yang digunakan dalam penelitian ini adalah deskriptif komparatif yaitu analisis harga jual jasa paket wisata saat ini, penentuan metode biaya berdasarkan activity cost plus pricing, kemudian membandingkan harga jual jasa paket wisata berdasarkan metode yang ada dengan metode activity cost plus pricing. Hasil penelitian menunjukkan bahwa perhitungan harga jual dengan metode perusahaan saat ini terlalu tinggi jika dibandingkan dengan metode activity cost plus pricing. Hal ini disebabkan adanya pengenaan biaya tidak langsung pada setiap produk jasa paket wisata yang telah mampu mengalokasikan biaya secara tepat berdasarkan konsumsi masing-masing kegiatan. Penelitian ini berkontribusi pada PT Airlangga Global Travelling sendiri, sehingga mereka dapat mengalokasikan biaya tidak langsung dengan menggunakan Activity Cost Plus Pricing untuk penentuan harga jual yang lebih tepat. Selain itu, penelitian ini juga memberikan kontribusi terhadap literatur tentang TDABC yang dilanjutkan dengan activity cost plus pricing yang masih sangat jarang ditulis secara detail dalam bentuk kasus secara bertahap.

Kata Kunci: Activity Cost Plus Pricing, Paket Wisata, Harga Jual

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Introduction

The year of 2017 is one of the proud years for the Indonesian nation according to the idntimes.com website, in an article written by Willianingtyas (2018), Indonesia won 9 proud achievements throughout 2017. In September 2017 through the UNWTO (United Nations World Tourism Organization) event which was held in China, Indonesia lay aside other 63 countries through the video Wonderful Indonesia which shows the beauty of tourism in Yogyakarta, Bali,

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Lombok, Jakarta, Toraja, Raja Ampat and Wakatobi. Indonesia does have enormous potential in the tourism sector.

The increasing development of tourism in Indonesia will also have an impact on the business economy in Indonesia, one of which is the emergence of service companies, especially in the tourism bureau services. Various offers offered by travel service agencies are made at relatively lower prices compared to other travel companies, of course, with a specialization focus and satisfying service (Dolnicar and Laesser, 2007, and Menninger and Werly, 2014).

Pricing determination is very important in designing a tour in order to maximize profits without reducing the quality of the service. Before determining the rate for a service, the cost of the service is required first. In the cost system there are several methods to determine the selling prices, namely the Cost-Plus Pricing Method and the Mark-Up Pricing Method. Strategies in the efficiency of production cost formulation and determining the right price are needed in the problems faced by the company. According to Prcillia, (2014) The cost of goods which is too high can cause uncontrolled production costs, thereby reducing the competitiveness of other similar products.

One approach to calculate the cost elements in the production costs of a product or service is the activity-based costing method. Activity-based costing is a method where the cost determination imposes on goods and services based on resource consumption caused by activity (Narsa, 2011, and Chirenda et al., 2021). From the empirical point of view, some researchers concluded that activity-based costing brought good results. Pavlatos dan Paggios (2009) found that the activity-based costing system is considered as a costing system that produces satisfactory results. Service companies such as hotels and restaurants that have implemented activity-based costing experience benefits in terms of pricing decisions and customer profitability analysis (Raab et al.,2010). In a recent study by Vetchagool et al., (2020), by using survey method , also found that the extensive use of activity-based costing could directly improve operational and financial performance not only in manufacturing firms but also in non-manufacturing firms.

Lueg (2017) and Otley (2016) argue that the theory that can explain the reasons behind the successful implementation of activity-based costing to bring good benefits to the company is contingency theory. Based on this theory, it is explained that there is no universally appropriate accounting system which applies equally to all organizations in every situations. Thus, by utilize the contingency model of activity-based costing adoption, it will help the organizations to identify specific aspects of accounting system which are related with the situation faced by organizations and then they could demonstrate an appropriate matching.

Still from an empirical point of view, many researchers have discussed the application of activity-based costing in companies, but generally only in manufacturing companies. (Nota et al., 2020 ; Raab et al., 2010; Bagherpour et al.,2013). In service companies themselves, often the research subjects used are health services such as hospitals (Laurila et al.,2020; Blaschke et al.,2020, and Kaplan and Shah, 2018), restaurant (Raab et al., 2010), library (Siguenza-Guzman

et al.,2014). There are still very few studies that use research subjects in the form of travel service companies.

PT Airlangga Global Traveling is a service company engaged in travel services. So far, the company has only used a traditional costing system in which the pricing of service fees does not reflect specific activations such as indirect and fixed cost categories. This resulted in errors in making decisions on selling prices for services and for the continuity of the company. For this reason, PT Airlangga must make a selling price calculation by applying the pricing method to decide the selling price of the services offered to consumers so that consumers are interested in using this travel service. Looking back from what we learned from the empirical point of view, which is a contingency theory, the identification of problems and needs that have been carried out by PT Airlangga Global Traveling should be followed by corrective action in the form of a decision to apply a more accurate cost accounting system.

Based on the identification of problems that have been discussed, the reseach problem of this study is how to analyze the allocation of service cost calculations and apply the activity-cost plus pricing method in setting the selling price at PT Airlangga Global Traveling. The purpose of this study is to analyze the allocation of service cost calculations and to apply activity-cost plus pricing in setting the selling price at PT Airlangga Global Traveling. This research, which will use comparative descriptive analysis method, hopefully could contributes to PT Airlangga Global Traveling in providing enlightenment about the cost accounting system in accordance with the problems and needs of the organization. Other than that, empirically, this research hopefully will also contributes to the literature history regarding TDABC, especially in travel service companies which is still very rarely written in detail case.

Literature review

Cost Concept

Cost is a factor that has a relatively high degree of certainty that affects the determination of the selling price of a product or service. The process of tracking, recording, and analyzing the costs that have been issued for the company's operational activities in producing products, both goods and services, uses the concept of cost accounting. (Narsa, 2011). According to Mulyadi (2015) cost is an economic resource sacrifice measured in units of money, which has occurred, is happening or is likely to occur for a specific purpose. Cost object based on Mowen (2012) are items that include products, customer departments, projects and activities to be measured and charged which will affect the cost. For service companies, the cost itself is the amount of cost that occurs and is charged in the service production process. The method of determining the cost of goods services is a method of calculating the cost including the cost of goods services. Determination of the cost of tourism services only involves direct labor costs and overhead costs. The calculation can be done by one method, namely the activity-based costing approach.

Activity-Based Costing in Service Company

Products produced by service companies are products that are intangible dan varies, so that in the application of Activity-Based Costing in service companies cause difficulties in determining the cost of activities in producing these services. Basically service companies are more appropriate to implement an activity-based costing system compared to manufacturing companies because the proportion of indirect production costs to product costs owned by service companies is greater. (Cooper, and Kaplan, 2004). Furthermore, Cooper and Kaplan (2004) argue that service companies are generally ideal candidates for activity-based costing compared to manufacturing companies.

But regardless of the type of company, basically the company will always strive to reduce its costs in a sustainable manner by focusing on the analysis of activities, resources, and relevant cost drivers. (Bagherpour et al.,2013). By using a case study approach and descriptive-comparative analysis method, Bagherpour et al (2013) found that the use of activity-based costing can reduce production costs and increase the company's profitability index. In a study using radiology department subjects, Laurila et al. (2020) also found that compared to traditional costing methods, activity-based costing was more precise in allocating overhead costs. Similar studies in the health unit also found the same thing, as conducted by Blaschke et al. (2020), Suthummanon et al. (2005), Claesson and Edgren (2001).

Selling Price Determination

The selling price is some money that is used to obtain a number of goods and services from the seller (Ellsion dan Snyder, 2011). According to Mulyadi (2015), "In principle, the selling price must be able to cover the cost plus a reasonable profit. Selling price with production cost plus mark-up ". There are four methods in determining the selling price, namely:

1. Break-even Pricing is a price setting based on market demand and still considering the cost.
2. Cost Plus Pricing, which is a method of calculating the selling price by means of the selling price per unit of product calculated by adding up the entire cost per unit plus a certain amount as the desired profit or margin for the unit. The company uses this method aims to determine the unit product selling price, where all the costs that have been spent during the production process and the desired rate of return on investment can be covered in this method.
3. Mark-Up Pricing is a method of over-selling the product over the purchase price. Profits are made from partial mark-ups. Apart from that, it also issued a number of exploitation costs which were taken from part of the mark-up.
4. Determining the selling price of materials and time

Research Method

Types of Research

This type of research is a qualitative research method with a comparative descriptive analysis method because in its implementation it includes data, analysis of interpretation and comparison of the meaning and data obtained. This research took place at PT Airlangga Global Traveling which is located on Jl

Dharmawangsa No 1 Surabaya while the data collection and processing time is planned to start in June to August 2018.

Research Subjects and Objects

Research subjects in this study are people who are directly related to the providers of research information, namely company leaders, the financial department, the operational division. The objects to be researched are tour packages that have been sold during 2017 and all costs that affect the selling price of tour packages.

Types and Sources of Data

The types of data used by researchers in this study are: (1) Primary Data. Primary data is data obtained by making direct observations on the company and conducting direct interviews with parties related to the existing production process in the company. Interviews were conducted by the President Director of PT Airlangga Global Traveling to obtain data and information about the history of the company and its organizational structure. Meanwhile, interviews were also conducted with supervisors from the Tour and Mice divisions to obtain information about the preparation of tour service cost budget plans. (2) Secondary Data. Secondary data, namely data obtained by researchers by collecting and archiving documents related to this research. Researchers used data from the tour and cost budget plan reports and the company's 2017 income statement obtained from the company's administrative and finance supervisors to examine what costs are available at PT Airlangga Global Traveling.

Data Collection Technique and Data Analysis Technique

There are some data collection techniques that have been used in this study. First, is interview. Interview is a technique for obtaining data directly with research subjects in order to obtain the necessary data, namely about the general description of the company, the number of tour packages, the arrangement of the service fee budget plan, the expected profit percentage and so on.

Second, is observation. Observation is one way to obtain data with experience and a review of research subjects. This technique aims to strengthen the data obtained about the general state of the company. In this technique, direct observation of the object of research is carried out in order to obtain a real picture of the activities carried out by PT Airlangga Global Traveling. Includes the process of making travel packages, marketing and so on.

Third, is documentation. Documentation is a data collection method by studying the data inside the company that is related to the problem to be studied. In this technique, research is conducted and copies the records that are in the travel agency PT Airlangga Global Traveling, especially those related to the data needed to solve problems.

Furthermore, related to de data analysis technique used in this study are descriptive analysis technique and comparative analysis technique. The use of that analysis technique is because the implementation of this research includes analysis of interpretation and comparison of the data obtained, which is related to comparison between traditional costing and activity-based costing.

Results and Discussion

Research Object Overview

The research object in this study is PT Airlangga Global Traveling. The company was formed in Surabaya on February 3, 2016 in accordance with the Company Establishment Deed No. 8 of 2016, and was approved on February 4, 2016 according to the Decree of the Minister of Law & Human Rights of the Republic of Indonesia No AHU-0006444.AH.01.01. Until now, PT Airlangga Global Traveling with the trade name Airlangga Travel has served various tourist destination packages throughout Indonesia and other parts of Southeast Asia with 12 (twelve) employees.

Description of Research Data

PT Airlangga Global Traveling strives to provide services, especially tour tours that cover all levels of society. These services provide tour packages for both domestic and international tours. In this study, researchers focused on four types of domestic tourist tour packages that were most popular with customers in 2017, namely the explore Bali, explore Bandung, explore Lombok and explore Yogyakarta.

Based on research conducted by researchers at PT Airlangga Global Traveling, it is found that the company is still using a traditional accounting approach in calculating selling prices and determining the cost of tour package services. The company still has not detailed all the costs used for tour activities provided to customers. The following is the calculation of the selling price of a tour package at PT Airlangga Global Traveling can be seen in Table 1 below.

Next in 2017, it was known that the total number of tour participants who used the services of PT Airlangga Global Traveling was 1000 participants. This number is spread out in each tour package. Details of the number of tour package participants in 2017 can be seen in Table 2 below.

Table 1. Calculation of Tour Package Selling Price

Cost Description	Tour Package			
	Bali Explore	Bandung Explore	Lombok Explore	Yogyakarta Explore
Direct Cost				
Air transport	270,000,000	350,000,000	250,000,000	90,000,000
Hotel	142,500,000	166,350,000	118,750,000	47,500,000
Documentation	2,500,000	3,000,000	2,000,000	1,000,000
Consumption	45,000,000	52,500,000	37,500,000	15,000,000
Travel	60,000,000	70,000,000	50,000,000	20,000,000
Bus Tour	12,500,000	15,000,000	10,000,000	5,000,000
Entertainment	1,250,000	1,475,000	1,025,000	450,000
Tour Leader's Fee	2,100,000	2,520,000	1,680,000	840,000
Total Kos Langsung	535,850,000	660,845,000	470,955,000	179,790,000
Indirect Cost Allocation (50%)	267,925,000	330,422,500	235,477,500	89,895,000
Total Cost	803,775,000	991,267,500	706,432,500	269,685,000
Profit Target (10%)	80,377,500	99,126,750	70,643,250	26,968,500
Selling Price	884,152,500	1.090,394,250	777,075,750	296,653,500
Number of participants	300	350	250	100
Selling price/pack	2,947,175	3,115,412	3,108,303	2,966,535

Source: Data primer is processed

Table 2. Number of Tour Participants

No	Tour Package	Number of Participants
1	Bali Explore	300
2	Bandung Explore	350
3	Lombok Explore	250
4	Yogyakarta Explore	100
	Total	1000

Source Data primer is processed

Data Analysis

Based on the data that has been described by several tour data related to the selling price of tour packages obtained from interviews and direct observation, it is known that the selling price of each package is obtained from direct cost and indirect cost. According to the explanation from the interview results obtained from the company, they still have not identified in detail the activities that exist in the company.

Researchers will compare the formulation of the selling price of tour packages between the methods that have been used by the company with the activity cost plus pricing method. The steps taken by researchers in determining the selling price of tour packages using an activity approach are as follows:

- (1) First Step to Identify activity, Identify the cost related to that activity, Grouping the same activities into a homogeneous cost pool, Determine the cost driver, and Calculate the rate per unit cost pool
- (2) Second Step to Charge cost to each product using the rate per unit cost pool, Calculate the total cost of tour package services, Calculating the expected profit target then calculating the selling price per pack of tour packages

Identify Activity

The activities that have been identified by researchers during the PT Airlangga Global Traveling tour are as follows:

- (1) Tour Activity in the Field. This activity is carried out during the field tour. This activity consists of Trip Journey Activity, Lodging Activity, Documentation Activity, Consumption Activity, Travel Activity, Bus Tour Activity, Entertainment Activity, Remuneration Activity
- (2) Office Support Activities. This activity is carried out before the implementation of the tour in the field and several office activities to support tourist tour activities. This activity consists of Administration Activity, Payroll Activity, Marketing Activity, Repair & Maintenance Activity, Taxation Activity.

Activity Classification

The next step after identifying all existing activities in the company is to classify the use of the same activities into a homogeneous cost pool. Details of the use of activities in each tour package are presented in Table 3 below.

Table 3. Use of Tour Package Activities

Type of Activities	Bali Explore	Tour Package			Total
		Bandung Explore	Lombok Explore	Yogyakarta Explore	
A. Tour Activities in the Field					
Trip Journey	300	350	250	100	1000
Lodging	300	350	250	100	1000
Documentation	180	200	170	50	600
Consumption	300	350	250	100	1000
Travel	180	200	170	50	600
Bus Tour	180	200	170	50	600
Entertainment	180	200	170	50	600
Remuneration	300	350	250	100	1000
B. Office Support Activites					
Administration	115	145	110	30	400
Payroll	40	60	35	15	150
Marketing	115	145	110	30	400
Repair & Maintenance	40	60	35	15	150
Taxation	40	60	35	15	150

Source: Data primer is processed

Table 4 will present a breakdown of the resulting costs related to the use of activities in each of the following tour packages:

Table 4. Cost of Using Tour Package Activities

Type of Activities	Bali Explore	Tour Package			Total
		Bandung Explore	Lombok Explore	Yogyakarta Explore	
A. Tour Activities in the Field					
Trip Journey	288.000.000	336.000.000	240.000.000	96.000.000	960.000.000
Lodging	142.500.000	166.250.000	118.750.000	47.500.000	475.000.000
Documentation	2.550.000	2.805.000	2.380.000	680.000	8.500.000
Consumption	45.000.000	52.500.000	37.500.000	15.000.000	150.000.000
Travel	60.000.000	66.000.000	56.000.000	16.000.000	200.000.000
Bus Tour	12.750.000	14.250.000	11.900.000	3.400.000	42.500.000
Entertainment	1.260.000	1.386.000	1.176.000	336.000	4.200.000
Remuneration	2.142.000	2.499.000	1.785.000	714.000	7.140.000
Total	554.202.000	641.465.000	469.491.000	179.630.000	1.847.340.000
B. Office Support Activites					
Administration	1.871.290	2.322.981	1.742.235	451.691	6.452.724
Payroll	114.816.679	170.098.784	97.806.801	42.524.696	425.246.961
Marketing	15.360.147	19.067.768	14.300.826	3.707.622	52.966.023
Repair & Maintenance	11.171.656	16.550.601	9.516.595	4.137.650	41.376.502
Taxation	5.919.098	8.769.034	5.042.195	2.192.259	21.922.585
Total	149.138.870	216.809.168	128.408.653	53.013.917	547.964.795
Grand Total	703.340.870	858.274.168	597.899.653	232.643.917	2.395.304.795

Source: Data primer is processed

Homogeneous Cost Pool Grouping

After knowing the activity usage ratio along with the cost associated with these activities, the next step is to group activities that have the same activity usage ratio into a homogeneous cost pool. The following is presented in Table 5 activities which have been grouped into the following homogeneous cost pool.

Table 5. The Total of Homogen Cost Pool

Type of Activiyy	Activity Cost	Cost Pool
Trip Journey	IDR 960.000.000	Cost Pool 1
Lodging	475.000.000	Cost Pool 1
Documentation	8.500.000	Cost Pool 2
Consumption	150.000.000	Cost Pool 1
Travel	200.000.000	Cost Pool 2
Bus Tour	42.500.000	Cost Pool 2
Entertainment	4.200.000	Cost Pool 2
Remuneration	7.140.000	Cost Pool 1
Administration	6.452.961	Cost Pool 3
Payroll	425.246.961	Cost Pool 4
Marketing	52.966.023	Cost Pool 3
Repair & Maintenance	41.376.502	Cost Pool 4
Taxation	21.922.585	Cost Pool 4
Total	2.395.304.795	

Source: Data primer is processed

Before arriving at the step of calculating the rate per unit cost pool activity, it is necessary to determine the cost driver as a determinant of the cost drivers arising from these activities. The determination of the cost drivers in each cost pool can be seen in Table 6 below:

Table 6. Cost Driver Tour Activities

Cost Pool	Total Cost Pool	Cost Driver
Cost Pool 1	1.592.140.000	Number of Participants
Cost Pool 2	255.200.000	Number of Travel Destinations
Cost Pool 3	59.418.747	Number of Tour Documents
Cost Pool 4	488.546.048	Number of Days of the Tour

Source: Data primer is processed

The Calculation of Rate Per Unit Cost Pool

After determining the cost driver, the step is to calculate the rate for each grouped cost pool. Table 7 will present the tariff per unit of each cost pool below.

Table 7. Rates per Unit Cost Pool

Cost Pool	Cost Pool Rate	Total Cost Driver	Cost Driver
Cost Pool 1	1.592.140.000	1000	1.592.140
Cost Pool 2	255.200.000	600	425.333
Cost Pool 3	59.418.747	400	148.547
Cost Pool 4	488.546.048	150	3.256.974

Source: Data primer is processed

Cost Charging to Tour Packages

The next step after knowing the rates for each cost pool is to charge these rates to each tour package, namely the Bali Explore, Bandung Explore, Lombok Explore and Yogyakarta Explore. Cost charging for each tour package can be seen in Table 8 to Table 11 below.

Table 8. Cost of Tour Package Service Bali Explore

Cost Pool	Cost Pool Rate	Cost Driver	Total
Cost Pool 1	1.592.140	300	477.642.000
Cost Pool 2	425.333	180	76.560.000
Cost Pool 3	148.547	115	17.082.890
Cost Pool 4	3.256.974	40	130.278.946
		Total Cost	701.563.836

Source: Data primer is processed

Table 9. Cost of Tour Package Service Bandung Explore

Cost Pool	Cost Pool Rate	Cost Driver	Total
Cost Pool 1	1.592.140	350	557.249.000
Cost Pool 2	425.333	200	85.066.667
Cost Pool 3	148.547	145	21.539.296
Cost Pool 4	3.256.974	60	195.418.419
		Total Cost	859.273.382

Source: Data primer is processed

Table 10. Cost of Tour Package Service Lombok Explore

Cost Pool	Cost Pool Rate	Cost Driver	Total
Cost Pool 1	1.592.140	250	398.035.000
Cost Pool 2	425.333	170	72.306.667
Cost Pool 3	148.547	110	16.340.155
Cost Pool 4	3.256.974	35	113.994.078
		Total Cost	600.675.900

Source: Data primer is processed

Table 11. Cost of Tour Package Service Yogyakarta Explore

Cost Pool	Cost Pool Rate	Cost Driver	Total
Cost Pool 1	1.592.140	100	159.214.000
Cost Pool 2	425.333	50	21.266.667
Cost Pool 3	148.547	30	4.456.406
Cost Pool 4	3.256.974	15	48.854.605
		Total Cost	233.791.677

Source: Data primer is processed

Determination of the Selling Price of Tour Service Packages

The method used in determining the final selling price of each tour package is cost plus pricing. This method is done by adding the total cost of product services to the expected profit or profit target that has been agreed by the company. The following is the formulation for determining the selling price of tour service packages using the cost-plus pricing method which can be seen in Table 12 below.

Table 12. Selling Prices for Tour Package

Type of Activities	Tour Package Options			
	Bali Explore	Bandung Explore	Lombok Explore	Yogyakarta Explore
Cost Pool 1	477.642.000	557.249.000	398.035.000	159.214.000
Cost Pool 2	76.560.000	85.066.667	72.306.667	21.266.667
Cost Pool 3	17.082.890	21.539.296	16.340.155	4.456.406
Cost Pool 4	130.278.946	195.418.419	113.994.078	48.854.605
Cost Total	701.563.836	859.273.382	600.675.900	233.791.677
Profit Target (10%)	70.156.384	85.927.338	60.067.590	23.379.168
Selling Price	771.720.219	945.200.720	660.743.490	257.170.845
Number of Participants	300	350	250	100
Selling Price/Package	2.572.401	2.700.573	2.642.974	2.571.708

Source: Data primer is processed

Discussion

Based on the data analysis, the calculation of the cost of the tour package services for PT Airlangga Global Traveling, there is a difference which is shown from the calculation results between the current company method (traditional method) and the method that uses activity-cost plus pricing. This difference also results in differences in the selling price of PT Airlangga Global Traveling's tour package services which have been discussed in this study. The following is presented in the table 13 below the differences between the two methods.

**Table 13. The Comparison of Selling Price
 Current Company's Method- Activity-Cost Plus Pricing Method**

No	Tour Service Package	Current Company Method	Activity-Cost Plus Pricing Method	Overvalue Difference
1	Bali Explore	2.947.175	2.572.401	374.774
2	Bandung Explore	3.115.412	2.700.573	414.839
3	Lombok Explore	3.108.303	2.642.974	465.329
4	Yogyakarta Explore	2.966.535	2.571.708	394.827

Source: Data primer is processed

The four tour package products that have been discussed in this study show that all tour package products calculated according to the company's method have overcosted. This happens because the cost of tour package services according to the company is still guessing in charging indirect cost and not in accordance with the cost that should arise related to the production process of tour services. It is different when calculate the cost using an activity-based costing approach, this method allocates all costs to each service product by involving several cost drivers based on company activities related to tour and tour services. The company will be able to present an accurate and informative selling price for service packages and make it easier for management to make decisions about relevant cost information based on its function.

Conclusion

Selling price is an important thing for business people, that's how it is with PT Airlangga Global Traveling. The improvement of methods in determining the selling price of tour package service products should be considered by the management in order to provide a selling price that can still compete with other companies without reducing the quality of service to customers. Based on the results of the calculation of the selling price of tour package services which have been discussed in the previous part, the researcher can conclude that the calculation of the selling price of tour services using activity cost plus pricing is carried out not haphazardly and through several stages. The results of the formulation of the selling price of tour package services using activity cost plus pricing when compared to those currently used by the company show that the packages explore Bali, Bandung, Lombok and Yogyakarta produce lower selling prices.

Limitations

Although this study made a contribution to research in formulation of cost and price in travel companies, it still contains limitations that must be noted. First, this study was an exploratory and descriptive in nature also used a sample of a single travel company. Even though the activity-based costing method can be applied to any service company, the results of this study can not be generalized to all travel companies because it is indeed still depend on each characteristic of every company. Second, this study only conducted the activity-based costing method on the Bali, Bandung, Lombok, and Yogyakarta explore package service, and did not examine the other type service in PT Airlangga Global Travelling. Lastly, it is important to be noted that before applying the activity-based costing method in any company, the feasibility study must be conducted in order to analyze whether the company is appropriate or not to use activity-based costing as a basic step before formulate the selling price, but unfortunately this study did not include that explanation in detail even though the step-by-step procedure undertaken in this study has shown a convincing results.

Suggestions

Based on the research discussed by the researchers above, the suggestion to be conveyed is that PT Airlangga Global Travelling should use the activity-cost plus pricing method in formulating the selling price of tour service packages. The reason is that this method is able to provide an accurate indirect cost allocation based on existing activities in the company which furthermore will result in best profitability.

For future research could try other type of business, for example like beauty salon, garage shop, etc, which in case requires an activity-based costing system in determining its cost of product which in turn also resulted in whether the pricing is done correctly or not. Also, the next research could follow the step-by-step as has been done in this study or make a detail comparison with the current accounting cost system that currently in use by the organization. Lastly, next study could combine price sensitivity measures with activity-based costing method.

Implications

The implication of this study are, firstly it is provide the new knowledge and information not only to PT Airlangga Global Travelling itself but also to the

reader that activity-based costing method could be used as a costing system that will significantly affecting the formulation of selling price. And by that, secondly, activity-based costing could provides a good picture of overall profitability of the company. Activity-based costing could be used to determine which service item's price needs to be changed or even removed.

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