

Optimizing MSME Profits through Determining the Cost of Production with the Full Costing Method at CV Rijiki Tolitoli Regency

Riska¹, Edi Yanto[✉], A. Irfan Efendi³ Maskur⁴

^{1,2,3} Management Study Program, Mujahidin College of Economics

⁴ Development Economics Studies Program, Madako Tolitoli University

Abstract

This study aims to determine the determination of the cost of production in determining the selling price using the full costing method on CV.Rijiki Advertising as one of the MSMEs in Tolitoli Regency, This type of research is quantitative descriptive. The location of the research was carried out on CV. Rijiki Advertising which is located on Jl.Rajawali, Tuweley Village, Tolitoli Regency. Data collection was carried out using observation, interview and documentation methods with the analysis method used was the full costing method to determine the cost of production and selling price. The results of the research using the full costing method can produce a more accurate cost of production and selling price because it takes into account all production costs, then it can be known that the calculation of the cost of production of billboards in 2021 is Rp.174,342 with a selling price of Rp.290,000 by following the percentage of profit that follows the market price of 64.5%, in 2022 of Rp174,844 with a selling price of Rp.284,000 by following the percentage of profit that drops to 62.5%, in 2023 amounting to IDR 174,429 with a selling price of IDR 289,000 by following the percentage of profit according to the market price increased to 65.5%.

Keywords: Optimization; Advantage; MSMEs; cost of production; Full Costing Method

Copyright (c) 2025 Edi Yanto

 Corresponding author :

Email Address : edi.yanto@stiemujahidin.ac.id

INTRODUCTION

Every company in carrying out its business activities always wants to develop and also the increasing number of problems related to operational optimization are faced. Currently, a sustainable business perspective from the economic, social and governance aspects is important to do so that it can continue to exist (Rajamuda, Irvan, and Yanto 2024; Wibowo 2021; Yanto, E., Morad, A. M., Ismail, I., & Mallu 2024; Yanto 2024; Yanto, Bustam, and Aqfir 2021; Yanto and Fatima, Siti; Aqfir 2023; Yanto and Syaputra 2022). For the company to earn profits and maintain survival is the main goal that the company wants to achieve. To be able to achieve these goals, the company needs to make a good plan that can be used as the basis for the company in carrying out its activities (Nurfitriana, Yanto, and Aprilia 2021; U. Yusuf, Annisarahmawati; Yanto 2021).

Currently, there are many similar industries that have resulted in the emergence of competition. Increasingly fierce competition and slow economic growth cause problems, especially in obtaining profits, therefore it requires every company to prevent faster by being more proactive in implementing strategies so that consumers remain interested and satisfied. Therefore, every company needs to have a good method so that the products it produces can continue to compete with competitors' products and continue to optimize the desired profit or profit. The formation of a company certainly has a goal that must be achieved both in a short time in the form of obtaining maximum profits in accordance with the predetermined targets or in a long or long term span of time (Nurfitriana et al., 2021).

The profit formation component requires management tools that are able to produce relevant information for appropriate and appropriate economic and financial decision-making, namely accounting. Accounting is an activity that provides quantitative data, especially financial from economic business units that can be used in economic decision-making. One of the important decisions that must be taken by the management is regarding the determination of the cost of products.

In the midst of the current difficult economic conditions where prices have increased, in addition to the condition of human resources also affects the course of the work process in an organization or company, this condition can be in the form of poor quality of human resources which of course this is very unsettling for the company (Saputra and Ijma 2015), where they strive for the same selling price for the same quality production. The calculation of the cost of production using the *full costing* method will help the company in terms of determining a decision related to the determination of the selling price and the cost of production because the cost used to produce the product will also increase which is influenced by the price increase that occurs, the Company in this case is required to be able to make the right decision on this problem to avoid the occurrence of losses therefore The calculation of the cost of production is very important to do.

Errors in the calculation of the cost of production will result in inaccuracy in determining the selling price of the product, which may be too high or too low. Where if the calculation of the cost of production is not accurate which results in a high price, what will happen is that the product is not in demand and will be difficult to compete with similar products on the market, in other words, the company will have a bad taste in the eyes of customers. On the other hand, if the cost incurred is too high and the income received is not in accordance with the cost that has been incurred, this causes the sales result to not be able to cover the production costs. If this situation continues, it can cause losses to the company.

Production costs are the costs required to process raw materials into finished products that are ready to be marketed (Hernanto 2017:28 in the Harefa et al., 2022). Production costs are costs that are considered tied to the product, which includes costs, both direct and indirect that can be interpreted as processing raw materials into

finished products. Broadly speaking, the cost of production is divided into two, namely the cost of raw materials, the cost of direct labor, and *the cost of overhead* (Muhammad & Indah, 2020 in the Harefa et al., 2022).

There are two approaches in determining the cost of production, namely *the Full costing* method and *the variable costing method*, *full costing* is a method in determining the cost of production that takes into account all elements of production costs into the cost of production, which consists of raw material costs, direct labor costs, and factory *overhead* costs, both variable behaviors or fixed (Badriah & Nurwanda, 2019 in Harefa et al., 2022). Meanwhile, *variable costing* is a method of determining the cost of production (HPP) that only takes into account production costs that behave variable into the cost of production, which consists of raw material costs, direct labor costs, and *variable variable overhead costs* (Siswanti 2016 in Harefa et al 2022).

The cost of production consists of the entire cost in the form of sacrifices that must be incurred to obtain a product. CV. Rijiki Advertising is one of the companies engaged in printing which is located on Rajawali street, Tuweley Village, Baolan District, Tolitoli Regency. From the results of the initial observation of the research, information was obtained that in the last 3 years the products produced were in the form of billboards, data boards, and inauguration inscriptions, which in determining the cost of production the company still uses a simple method that has not included the overall element of production costs incurred, which of course the cost of production that is born will be accurate and appropriate and for the selling price of the company's products following the applicable market price. In an effort to avoid errors in the calculation of the cost of production and in order to produce the right selling price, it is necessary to calculate the cost of production with the right calculation method.

In this study, the author will use the *full costing* method in determining the cost of production as explained above, the *full costing* method is a method that takes into account all cost elements involved in the production process without distinguishing variable costs. Or still, the author hereby assumes that by using this method, the cost calculation in determining the cost of production and selling price can be more accurate.

Based on the background of the problem as described above, the author is interested in raising the title of the research proposal, namely "Analysis of Determining the Cost of Production to Increase the Accuracy of Selling Prices Using the *Full Costing* Method on CV. Rijiki Advertising Tolitoli Regency" with the formulation of the problem "How to Determine the Cost of Production in Determining the Selling Price Using the *Full Costing* Method on CV. Rijiki Advertising from 2021 to 2023?". Based on the formulation of the problem, the purpose of this study is to determine the cost of production in determining the selling price using the *full costing* method on CV. Rijiki Advertising Tolitoli from 2021 to 2023.

METHODOLOGY

The type of research used is descriptive research (quantitative approach), which provides an overview of financial data in the form of numbers in the form of production costs (raw material costs, labor costs, and overhead costs used in the production process at CV Rijiki Advertising. Where the data will be processed using the Full costing method analysis tool so that it can be seen how much the cost of production is with this method and continued with the calculation of the selling price in accordance with the Full costing method, then conclusions can be drawn about suggestions on how to group costs properly and correctly so that the calculation of the cost of production and selling price becomes more accurate.

This study uses a type of quantitative data, namely data that is expressed in the form of numbers and can be measured directly or qualitative data in the form of explanations obtained as an additional to fulfill the calculations in the research. The quantitative data in this study is in the form of data related to production cost transactions and sales data in 2021-2023. The data sources used in this study are primary and secondary data.

Mulyadi (2012) Komara and Sudarma (2016) stated that, "Full costing is a method of determining production costs that take into account all elements of production costs into production costs, consisting of raw material costs, direct labor costs, and factory *overhead* costs, both variable and fixed behaviors". Thus, according to Mulyadi (2014) in Hartatik, (2019) The cost of production according to the *Full costing* method consists of the Production Cost as follows:

Direct Raw Material Cost	xxx
Direct Labor Costs	xxx
Variable Factory Overhead Costs	xxx
Fixed Factory Overhead Cost	xxx
	----- +
Cost of Production	xxx

The simplest way to determine the selling price is to put a number of *markups* on the cost of the product to be sold. According to its elements, this approach is called the *cost plus markup approach*. Kamaruddin Ahmad (2014:148) in Aftahira Nur (2019) In his book Management Accounting explains that "*Cost Plus*" is a certain cost plus an increase (*Markup*). The selling price based on *cost plus pricing* is calculated with the following formula:

$$\text{Selling Price} = \text{Estimated production cost} + \text{Expected profit}$$

RESULTS AND DISCUSSION

Production Volume

Production volume is the total number per unit of billboards, data boards and inscriptions produced, along with a table of production volumes for the period 2021 to 2023.

Table 1
Production Volume of Billboards, Data Boards, Inscriptions in 2021 to 2023

Name Product	Volume Produksi Tahun 2021	Production Volume Year 2021	Production Volume Year 2023
Baliho	805 unit	839 unit	875 unit
Papan Data	420 unit	632 unit	683 unit
Prasasti Peresmian	72 unit	93 unit	110 unit

The following are the results of the calculation of the cost of production and the selling price of CV Rijiki Adevertising products using the full costing method:

Table 2
Calculation of Cost of Production and Selling
Price of Billboards, Data Boards and Inscriptions
According to the Full Costing Method

Nama Biaya	Tahun 2021 (Rp)	Tahun 2022 (Rp)	Tahun 2023 (Rp)
Biaya bahan baku:	96.600.000	100.114.908	104.750.500
Biaya Tenaga Kerja Langsung	24.150.000	25.170.000	26.250.000
Biaya Overhead Variabel:			
Biaya Bahan Penolong :			
Mata Ayam/Pengait	4.830.000	5.034.000	5.250.000
Biaya Overhead Tetap :	6.731.000	6.731.000	6.731.000
Pemeliharaan mesin dan kendaraan :	343.000	343.000	343.000
Penyusutan mesin dan kendaraan :	9.301.000	9.301.000	9.301.000
Total Harga Pokok Produksi Pertahun	141.955.000	146.693.908	152.625.500
Harga Pokok Produksi/Unit	176.342	174.844	174.429
Laba yang diinginkan	64.5%	62.5 %	65.5%
Laba	91.560.975	91.683.693	99.987.388
Jumlah Total	233.515.975	238.377.601	252.612.888
Volume Produksi	805 unit	839 unit	875 unit
Harga Jual/unit	290.082	284.121	288.700
Harga Jual Dibulatkan	290.000	284.000	289.000

Based on the table of calculation of the cost of production and selling price using the full costing method of billboard products above, the results in 2021 were obtained of the cost of production of billboard products per unit of Rp. 176,342, with a selling price of Rp. 290,000 by following the percentage of profit that followed the market price of 64.5%, in 2022 the cost of billboard production decreased to Rp. 174,844 which was caused by a decrease in the price of raw materials and a lower selling price decreased to Rp. 284,000, following the percentage of profit that decreased to 62.5%, in 2023 the cost of billboard production decreased to Rp. 174,429 and the selling price increased to Rp. 289,000 by following the percentage of profit according to the market price increased to 65.5%.

CONCLUSION

Based on the results of the calculation analysis using the full costing method, the results were obtained in 2021 the cost of production of billboard products per unit amounted to Rp. 176,342, with a selling price of Rp. 290,000, in 2022 the cost of billboard production decreased to Rp. 174,844 and the selling price decreased to Rp. 284,000, in 2023 the cost of billboard production decreased to Rp. 174,429 and the selling price increased to Rp. 289,000.

ACKNOWLEDGMENTS

Thank you to the Management Study Program of the Mujahidin College of Economics and also to the publishing institution of the International Journal of Economic Entrepreneurship & Business Management, the Development Economics Study Program, the Mujahidin College of Economics for providing the opportunity to be able to publish scientific articles. Hopefully with the publication of this scientific article, it can be a recommendation material for better MSME income management.

References:

Aftahira Nur. 2019. "Analisis Penentuan Harga Pokok Produksi Dan Harga Jual Pada Pt . Kemilau Bintang Timur Kabupaten Luwu."

Harefa, Panca Restu Anugerah, Serniati Zebua, and Arozatulo Bawamenewi. 2022. "Analisis Biaya Produksi Dengan Menggunakan Metode Full Costing Dalam Perhitungan Harga Pokok Produksi." *Jurnal Akuntansi, Manajemen dan Ekonomi (JAMANE)* 1(2): 218–23.

Hartatik, Sri. 2019. "Analisis Penentuan Harga Pokok Produksi Menggunakan Metode Full Costing Sebagai Dasar Penetapan Harga Jual Pada Ud. Mutia Meubel." *Soscied* 2(2): 9–16. doi:10.32531/jsoscied.v2i2.172.

Nurfitriana;Taba, Usman;Anasari, Putri. 2021. "Pengaruh Kinerja Keuangan Terhadap Nilai Perusahaan Pada Perusahaan Manufaktur Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2020." *Block Caving - A Viable Alternative?* 21(1): 1–9.

Nurfitriana, Edi Yanto, and Anita Aprilia. 2021. "Pengaruh Perputaran Kas Dan Perputaran Piutang Terhadap Return On Asset Pada Perusahaan Manufaktur Yang Terdaftar Pada Bursa Efek Indonesia Periode 2017-2020." *Jurnal Simki Economic* 4(1): 74–88. doi:10.29407/jse.v4i1.92.

Rajamuda, Moh Ajrin, Muhammad Irvan, and Edi Yanto. 2024. "THE ROLE OF THE VILLAGE GOVERNMENT IN THE DEVELOPMENT OF MANGO ISLAND TOURISM IN SIBALUTON VILLAGE , BASIDONDO DISTRICT , TOLITOLI REGENCY." *International Journal of Economic Entrepreneurship & Business Management* 1(2): 53–61.

Saputra, Andhy, and Ijma. 2015. "ANALISIS KINERJA KEUANGAN SEBELUM DAN SESUDAH PERAMPINGAN STRUKTUR PENGELOLA." *Angewandte Chemie International Edition*, 6(11), 951–952. 1(April): 8–16.

U. Yusuf, Annisarahmawati;Yanto, Edi; Elvirah Salviah. 2021. "Analisis Anggaran Kas Dalam Meningkatkan Likuiditas Dan Profitabilitas Pada Perusahaan PT. Wilmar Cahaya Indonesia Tbk. Periode 2017-2022." (02): 156–68.

Wibowo, Hendro. 2021. "Pengembangan Ekonomi Kreatif Desa Melalui Bada Usaha Milik Desa (Bumdes) Menuju Koperasi Berbasis It." *An Nawawi* 1(1): 53–70. doi:10.55252/annawawi.v1i1.9.

Yanto, E., Morad, A. M., Ismail, I., & Mallu, A. P. A. H. 2024. "MENGARUNGI ARUS KEUANGAN: PANDUAN PRAKTIS LITERASI KEUANGAN BERKELANJUTAN." In WIDINA MEDIA UTAMA.

Yanto, Edi. 2024. "ANALYSIS OF THE INCOME OF COCOA FARMERS IN BAMBAPUN VILLAGE , DONDO DISTRICT , TOLITOLI." *International Journal of Economic Entrepreneurship & Business Management* 1(2): 63–68.

Yanto, Edi, Bustam Bustam, and Aqfir Aqfir. 2021. "Study of the Economic Value of Waste Recycling Concept in Supporting Sustainable Development Goals (SDGs) Program in TPA Kabinuang, Tolitoli Regency." *IJEBD (International Journal of Entrepreneurship and Business Development)* 4(5): 773–81. doi:10.29138/ijebd.v4i5.1521.

Yanto, Edi, and Aqfir Fatima, Siti; Aqfir. 2023. "Sustainable Economic Acceleration Through Village Community Empowerment in Plastic Waste Recycling Activities in

Kalangkangan Village, Galang District, and Tolitoli Regency." 6(2): 100-107.
Yanto, Edi, and Rendy Aziz Syaputra. 2022. "Enrichment : Journal of Management Sustainable Financial Implementation In Supporting The National Economic Recovery Program In The Covid-19 Pandemic . Study On MSME Production Sector In Tolitoli Regency , Central Sulawesi." 12(4).