

Analysis Of Production Cost Using The Full Costing Approach For Selling Price Determination In Culinary Msmes

Jeffandi Setiawan¹, Andrik Gastri Widjatkiko², Nuryadi³

^{1,2,3}D3 Accounting Study Program, Sekolah Tinggi Ilmu Ekonomi Pemuda Surabaya

e-mail: jeffandisetiawan@gmail.com

Abstract

The micro small and medium enterprise sector frequently encounters obstacles in determining the exact cost of production due to the neglect of overhead cost components which leads to inaccurate selling price determination. This study aims to analyze the calculation of production costs through the full costing approach at the Bu Anik enterprise in Sidoarjo along with its implications for product pricing. This qualitative research with a case study design collected data through field observations as well as interviews and documentation to be subsequently analyzed through data reduction stages up to drawing conclusions. Observation results indicate that the full costing method calculation on a total production of three thousand six hundred fried snack units yields a production cost of IDR 856.53 per piece. This base figure exceeds the producer level selling rate of IDR 800 per piece thus triggering a negative difference due to the undercosting phenomenon. The conclusion is that the full costing approach is proven capable of presenting more comprehensive production cost details. Business actors are highly recommended to evaluate and simultaneously revise product selling prices so that all operational financing can be covered to achieve a reasonable profit.

Keywords: Cost of Production, Full Costing, MSME.

INTRODUCTION

Micro Small and Medium Enterprises or MSMEs play a crucial role in the national economy and simultaneously require effective production cost management strategies based on a study by Olyvia in 2023. A large number of MSMEs in the traditional food sector frequently experience difficulties in determining the cost of goods manufactured due to limited understanding regarding the application of appropriate accounting techniques according to Sari and Wulandari in 2018. A similar phenomenon is reflected in the Bu Anik

353

IJEBIR, Volume 05 Issue 06, 2026



Copyright at authors some right reserved this work is licensed under a [Creative Commons Attribution-ShareAlike 4.0 International License](https://creativecommons.org/licenses/by-sa/4.0/).

fried snack business in Sidoarjo which applies manual and subjective production cost calculations resulting in difficulties in allocating overhead costs into the product cost based on findings by Maharani in 2024. The absence of accurate and structured cost calculations through the full costing method potentially makes the survival of small businesses highly vulnerable to financial loss risks and rapid failure according to Nugroho in 2021.

Various previous studies focused their research on the application of the full costing method in MSMEs through a quantitative approach leaving wide open the space to explore the actual experiences of small scale business owners. Several previous studies have also not widely integrated qualitative perspectives to understand cultural barriers along with the level of understanding of business owners and still require a more in depth review regarding the context of traditional fried snack businesses in specific areas such as Sidoarjo. This research is conducted as an effort to fill the literature void or research gap using a qualitative approach to generate new scientific insights regarding the application of full costing. The scientific contribution of this research is designed to enrich management accounting literature through the process of identifying practical obstacles and presenting current data regarding local economic trends while simultaneously offering specific solution formulations for micro business actors.

Referring to the explanation of urgency above the formulation of the research problem focuses on analyzing the calculation results of the Cost of Goods Manufactured or COGM using the full costing method at the Bu Anik MSME in Sidoarjo. In line with this problem formulation the specific objective of this research is directed towards the process of analyzing the COGM calculation results using the full costing method at the same business location. The practical objective of this analysis output is oriented towards providing clear detailed cost component information for the business owner as a basis for improvement in determining selling prices more accurately and generating adequate profit levels.

METHODOLOGY

This research applies a qualitative approach through a case study method to analyze the calculation of the Cost of Production. The research subject is determined as the traditional culinary business entity MSME Bu Anik operating in the West Tawang Sari Village area of Taman Subdistrict in Sidoarjo Regency. This entity was selected because it represents a micro scale business profile utilizing a consignment distribution scheme or entrusted sales system to several local retail partners. Another characteristic underlying the selection of this object is the ongoing practice of manual financial recording without a standardized production cost accounting system.

The field data collection process was conducted from July 10 to 23 2026 relying on observation and interview as well as documentation procedures. Direct observation focused



on daily operational activities starting from ingredient processing at three in the morning followed by the product distribution stage two hours later and concluding with the revenue collection process at ten in the morning. The researcher subsequently conducted in depth dialogues with the business manager to explore actual expenditure details which were reconfirmed through the examination of supporting documents. Such written evidence includes basic material purchase receipts and operational utility expense summaries along with profit deposit records from the retailers.

The operational information analysis applies a qualitative framework comprising the stages of data reduction and data presentation as well as the drawing of final conclusions. The reduction process centers on efforts to sort various daily transaction evidence to be categorized into raw material costs and direct labor expenses along with additional operational expenditures. These financial facts are then presented to compare the nominal production expenses based on the calculation of the manager against the comprehensive full costing method calculation for the final output of 3600 product units. The researcher subsequently formulates conclusions to evaluate the numerical disparity between the factual cost of production and the market selling rate in order to construct ideal pricing recommendations for the entire distribution chain of the business.

RESULTS AND DISCUSSION

Comparison of Conventional Cost Estimation and Full Costing Practices

This research highlights the striking gap between the rudimentary cost estimates commonly practiced by micro scale entrepreneurs and standard accounting calculations. Based on field observations over a specific period, the daily production level of Bu Anik's MSME reached a total of 3,600 units of fried snacks (gorengan). Further investigation reveals that the business owner merely calculates expenditures for primary raw materials such as wheat flour and cooking oil when determining the cost of goods manufactured. Various other essential components ranging from direct labor wages to various indirect expenses or factory overhead costs are completely omitted from the bookkeeping. These indirect expenses include variable components such as gasoline and LPG, as well as fixed components like electricity bills and the depreciation of asset values for stoves, woks, and blender machines.

When the calculation is shifted to use the full costing approach, the actual production expenditure absorbed swells comprehensively, touching the nominal figure of IDR 3,083,508.87. This cumulative figure pushes the estimated actual cost of goods manufactured to IDR 856.53, which can be rounded up to IDR 857 per unit. This numerical fact refutes the manager's shallow financing assumption while proving that the conventional approach is gravely mistaken in recording overall operational expenses.

The Phenomenon of Undercosting and Margin Distribution Inequality

355

These findings regarding the cost of goods manufactured carry strategic consequences that heavily determine the direction of selling price policies. Due to relying on premature recording, the producer sets the product handover price to partner stalls acting as retailers at only IDR 800 per unit. This value triggers a negative variance of IDR 56.53 when compared to the real production cost of IDR 857. This reality represents the trap of undercosting, as the selling price is proven incapable of covering all resource sacrifices made during the product manufacturing process.

This sub standard calculation issue leads to the creation of an illusion of financial profit. The daily profit projections believed by the fried snack maker actually lack the capacity to cover hidden utility burdens and work equipment depreciation. Further analysis of the distribution channels also reveals an imbalance in profit distribution. Retail partners at the stalls are able to resell the fried snacks for IDR 1,000 to final buyers, pocketing a profit margin of IDR 200 per unit. Meanwhile, the primary manufacturer must continue to swallow a deficit that has the potential to undermine the foundation of business continuity in the future.

As a managerial solution, price rationalization at the producer level must be enacted immediately. Logical evaluation suggests adjusting the supply price so that it sits above the real cost of goods manufactured, for instance, set at IDR 900 per unit. This decision will help the producer secure a gross profit portion of around IDR 43.47 per product, while the retail agent still obtains a margin of IDR 100, provided that the price in the hands of the final consumer is maintained at IDR 1,000.

Market Adaptation Dynamics and Micro Enterprise Risk Mitigation

The financial vulnerability experienced by small scale business entities is often exacerbated by external dynamics in the form of food commodity price instability in the local market. In depth observations show that when spikes in primary raw material prices occur, business owners tend to avoid direct selling price increases out of concern for losing customers at the partner stall level. As a survival strategy, managers typically choose to modify the physical size of the product to be smaller in order to maintain transaction nominal stability. Although this tactic can dampen short-term price fluctuations, cumulatively this step risks lowering the satisfaction level of end consumers, which gradually leads to a decline in purchase volume.

The implementation of a comprehensive costing method provides a new perspective that the solution to market fluctuation pressures should not rely solely on compromises in product quality or size. Through cost structure transparency resulting from precise accounting calculations, managers possess a rational basis for conducting fair price negotiations with distribution partners. Consequently, price adjustments can be

communicated objectively without sacrificing product quality standards or eroding the profit margins that rightfully belong to the producer.

Theoretical Synthesis and Academic Contributions

Empirically, the entire series of observational results further strengthens the foundation of management accounting theory, particularly regarding the relevance of the full costing approach. Grounded in generally accepted accounting principles, all forms of expenditure without exception, whether inherent to the product or not directly tied must be consolidated to avoid errors in calculating prices. These field findings align with and add weight to the validity of several previous studies, such as Marisya's 2022 study on the tempeh business and Maharani's 2024 study on the meatballs business, which similarly concluded that micro-scale operators possess a fundamental weakness in allocating overhead burdens.

The greatest scientific contribution of this research goes beyond merely proving loss figures resulting from erroneous calculations. This study presents a qualitatively rich and context aware analysis regarding governance constraints within traditional styled micro business environments. Field evidence indicates that without a holistic and easily applicable understanding of cost accounting, market pricing decisions by small entrepreneurs are frequently based merely on the assumption of illusory profits. In conclusion, this study successfully formulates a sufficiently precise guideline for traditional food business operators specifically those implementing the consignment system for fried snacks enabling them to move forward from a cash flow liquidity oriented mindset toward a business governance framework anchored in true profit and loss data.

CONCLUSION

This study examines the calculation of Cost of Production using the full costing method at the Bu Anik MSME in Sidoarjo along with its implications for determining the selling price. The main findings indicate that the total actual production cost during the observation period reached IDR 3,083,508.87 to produce 3,600 units of products, resulting in a Cost of Production value of IDR 856.53 or equivalent to IDR 857 per unit. Through these results, the research problem is answered: the business owner's conventional calculation practice, which sets the selling price at IDR 800 per unit, triggers an undercosting condition and creates a negative difference of IDR 56.53 per unit.

The practical implication of this study requires the business owner to immediately revise the selling price above the actual Cost of Production value and improve the comprehensive cost recording system to maintain financial sustainability. On the other hand, the limitation of this study lies in the scope of the object, which focuses only on a single traditional culinary business unit with a limited observation timeframe. Based on

357



these conditions, future research is advised to expand the scope of analysis by applying the variable costing method to similar micro enterprise scales.

REFERENCES

- Fauzan, & Irfan. (2024). Klasifikasi Biaya dan Penerapan Full Costing pada Usaha Tahu Bapak Suwardi [Cost Classification and the Application of Full Costing in Mr. Suwardi's Tofu Business]. Universitas Airlangga.
- Garrison, R. H., Noreen, E. W., & Brewer, P. C. (2018). Managerial accounting (16th ed.). McGraw-Hill Education.
- Hansen, D. R., & Mowen, M. M. (2015). Cost management: Accounting and control (6th ed.). Cengage Learning.
- Irfan, & Fauzan. (2024). Klasifikasi Biaya dan Penerapan Full Costing pada Usaha Tahu Bapak Suwardi. *Proceedings of the Accounting Conference*, 10(2), 55–70.
- Kieso, D. E., Weygandt, J. J., & Warfield, T. D. (2019). Intermediate accounting (18th ed.). John Wiley & Sons.
- Kotler, P., & Keller, K. L. (2016). Marketing management (15th ed.). Pearson Education.
- Lestari, & Prihanisetyo. (2024). Penerapan Metode Full Costing pada Pabrik Keripik Tempe Ibu Novi [Application of the Full Costing Method at Mrs. Novi's Tempeh Chips Factory]. Universitas Diponegoro.
- Maharani. (2024). Alokasi Biaya Overhead dalam Perhitungan HPP UKM Bakso [Overhead Cost Allocation in the Cost of Goods Manufactured Calculation of Meatball MSMEs]. Universitas Sebelas Maret.
- Marisya. (2022). Penerapan Metode Full Costing pada UMKM Tempe Pak Rasman [Application of the Full Costing Method at Mr. Rasman's Tempeh MSME]. Universitas Brawijaya.
- Mulyadi. (2016). Sistem Akuntansi Biaya (4th ed.). Salemba Empat.
- Nugroho, B. (2021). Tantangan Implementasi Full Costing di Usaha Kecil [Challenges of Full Costing Implementation in Small Businesses]. *Jurnal Bisnis Dan Manajemen*, 8(3), 112–125.
- Nuraini, S. (2020). Analisis Penerapan Full Costing pada Penetapan Harga Pokok Produksi UMKM [Analysis of Full Costing Application in Determining MSME Production Cost of Goods Manufactured]. *Jurnal Akuntansi Dan Bisnis*, 15(2), 12–25.
- Olyvia. (2023). Analisis Bauran Pemasaran dan HPP Agroindustri Pisang Goreng Beku Shamiya [Analysis of Marketing Mix and COGM of Shamiya Frozen Fried Banana Agroindustry]. Institut Pertanian Bogor.
- Pratama, A. (2020). Penerapan Full Costing di UMKM Jawa Timur [Application of Full Costing in East Java MSMEs]. *Proceedings of the National Accounting Seminar*, 15(1), 78–92.



- Pratama, A., & Wijaya, B. (2021). Perbandingan Metode Full Costing dan Variable Costing pada UMKM Makanan [Comparison of Full Costing and Variable Costing Methods in Food MSMEs]. *Jurnal Riset Akuntansi*, 8(1), 45–58.
- Rahayu, & Suryanto, D. (2022). Perbandingan Metode Biaya di UMKM [Comparison of Cost Methods in MSMEs]. *Proceedings of the Accounting Conference*, 10(2), 55–70.
- Sari, D. P., & Wulandari, A. (2018). Analisis Biaya Produksi dengan Metode Full Costing pada UMKM Makanan [Analysis of Production Costs Using the Full Costing Method in Food MSMEs]. *Jurnal Akuntansi*, 12(2), 45–60.
- Sugiyono. (2013). *Metode Penelitian Kuantitatif, Kualitatif, dan R&D*. Alfabeta.
- Suryana. (2019). Pengelolaan Keuangan dan Akuntansi pada UMKM di Indonesia [Financial and Accounting Management in MSMEs in Indonesia]. *Jurnal Ekonomi Dan Bisnis*, 12(1), 78–90.
- Susanti, L. (2019). Full costing in small food businesses. *Jurnal Ekonomi Bisnis*, 14(1), 33–48.
- Undang-Undang Nomor 20 Tahun 2008 Tentang Usaha Mikro, Kecil, Dan Menengah [Law Number 20 of 2008 Concerning Micro, Small, and Medium Enterprises] (2008).

