

*Analysis of the Implementation of Small Medium Enterprise Cost of Production Price Study on Coffee Shop*

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**Abstract**

*Determination of good and appropriate production costs is one of the determining factors for determining the selling price of the product. The high and low cost of production will affect the level of sales. The purpose of this study is to analyse the determination of cost of goods based on activities at MSME Coffee Shop in Makassar, South Sulawesi. This research is important to determine whether determining the cost of goods using the activity-based costing method is appropriate without having to incur unnecessary costs and can provide benefits to these MSMEs. This type of research is descriptive research with a quantitative approach. The data used in this research is primary data. The data source used in this research is primary data in the form of data directly related to the Real Café beverage production process. In analyzing the data of this study, the stages in determining the cost of goods based on activity-based costing are as follows: first Factory overhead costs are charged to the appropriate activity. then Activity costs are grouped into homogeneous cost pools. then Determine the rate for each cost group. The rate is calculated by dividing the sum of all costs in the cost pool by the size of the activity performed. In the next stage, activity costs are charged to products based on the consumption or demand for the activity by each product. The results of this study indicate that Real Cafe has carried out the activity-based costing method in determining the cost of goods manufactured, characterized by the costs that arise are charged to activities and grouped into cost pools that have homogeneous properties, and the activity costs are charged to each product.*

**Key words:** *Activity-Based Costing, Cost of Production Price, and MSME.*

**Abstrak**

Penentuan biaya produksi yang baik dan tepat merupakan salah satu faktor penentu untuk menentukan harga jual produk. Tinggi rendahnya biaya produksi akan berpengaruh terhadap tingkat penjualan. Tujuan dari penelitian ini adalah untuk menganalisis penentuan harga pokok berdasarkan aktivitas pada UMKM Coffee Shop di Makassar, Sulawesi Selatan. Penelitian ini penting dilakukan untuk mengetahui apakah penentuan harga pokok dengan menggunakan metode activity based costing sudah tepat tanpa harus mengeluarkan biaya yang tidak diperlukan dan dapat memberikan manfaat bagi UMKM tersebut. Jenis penelitian ini adalah penelitian deskriptif dengan pendekatan kuantitatif. Data yang digunakan dalam penelitian ini adalah data primer. Sumber data yang digunakan dalam penelitian ini adalah data

primer berupa data yang berhubungan langsung dengan proses produksi minuman Real Café. Dalam menganalisis data penelitian ini, tahapan dalam penentuan harga pokok berdasarkan activity based costing adalah sebagai berikut: pertama Biaya overhead pabrik dibebankan ke aktivitas yang sesuai. kemudian Biaya-biaya aktivitas dikelompokkan ke dalam cost pool yang homogen. kemudian Menentukan tarif untuk setiap kelompok biaya. Tarif dihitung dengan membagi jumlah seluruh biaya dalam cost pool dengan ukuran aktivitas yang dilakukan. Pada tahap selanjutnya, biaya aktivitas dibebankan ke produk berdasarkan konsumsi atau permintaan aktivitas oleh masing-masing produk. Hasil penelitian ini menunjukkan bahwa Real Cafe telah melakukan metode activity based costing dalam menentukan harga pokok produksi, dengan ditandai adanya biaya biaya yang muncul dibebankan ke aktivitas dan dikelompokkan kedalam cost pool yang mempunyai sifat homogen, dan biaya aktivitas tersebut dibebankan ke masing-masing produk.

**Kata Kunci: Biaya Berdasarkan Aktivitas, Harga Pokok Produksi, dan UMKM.**

## **INTRODUCTION**

MSMEs are able to increase people's per capita income because they are able to absorb a large number of workers. In the Law of the Republic of Indonesia Number 20 of 2008 concerning MSMEs, MSMEs are regulated as productive businesses owned by individuals or business entities that meet the criteria of micro and small businesses. At present, MSMEs continue to increase their contribution to the Indonesian economy (Trinura Novitasari, Anindita. 2022). In 2018, the growth of MSMEs in Indonesia reached 5.3% annually, proving that MSMEs are one of the businesses that are considered successful in improving the economy in Indonesia (Suyadi. Dkk, 2018).

In 2023, Makassar had 807 coffee shops, and among them were MSMEs. One of the MSME coffee shops in Makassar is 148 Coffee Shop (Ramadhani, bustamil, 2023) with the development of umkm in the city of Makassar, especially in the coffee shop sector, shows that people's interest in carrying out daily activities cannot be separated from the existence of coffee shops in the community environment. So that it can increase the income of umkm actors and related economic turnover (nur azizah, fadillah. Dkk, 2020).

In addition, it is crucial to improve the quality of human resources through entrepreneurship and business management education. To improve competitiveness, firms must have competent and skilled human resources for operations and development. MSMEs with skilled human resources are also better able to take advantage of new business opportunities more flexibly and profitably (Setyo Budiwitjaksono, Gideon. 2023).

MSMEs frequently struggle with operating costs as they grow and develop (Setyowati, Endah. 2023). Costs associated with utilities, land and building purchases, transportation, raw materials, and other expenses frequently put pressure on MSMEs' cost structures and reduce their profit margins. MSMEs' ability to innovate new products and expand their production capabilities may be hampered by inefficient cost management (Darwin, 2018). Agus Alwi (2022) claims that as the accuracy of the cost of items created directly affects the accuracy of the selling price calculated, businesses are extremely concerned about this. Goods are not produced at

excessively high or cheap costs when they are produced at the proper cost.

MSMEs must be astute and quick to reduce operating expenses without sacrificing the caliber of their output. The profitability of MSMEs is anticipated to increase if prices for goods and services can be lowered at a more favorable rate. Researchers are compelled to look into Analysis Of The Implementation Of Small Medium Enterprise Cost Of Production Price Study On Coffee Shop as this will undoubtedly boost MSMEs' future resilience and growth.

### **RESEARCH PROBLEM STATEMENT**

The purpose of this study was to analyze the determination of cost of goods based on activities at MSME Coffee Stalls in Makassar, South Sulawesi. This research is important to determine whether the determination of the cost of goods using the activity-based costing method is appropriate and can provide benefits to these MSMEs, especially increasing income from unnecessary expenses.

### **LITERATURE REVIEW**

Micro, Small, and Medium Enterprises

MSME stands for Micro, Small, and Medium Enterprises. It is an industrial sector run by individuals, households, or business entities that meet the criteria as micro enterprises. The criteria for MSMEs are differentiated respectively, namely: Micro enterprises: Productive businesses owned by individuals or individual business entities with a maximum asset size of IDR 50,000,000 and a maximum turnover of IDR 300,000,000. And Small business: Businesses that have a net worth of IDR 50 million to IDR 500 million and annual sales ranging from IDR 300 million to IDR 2.5 billion.

Production costs

Production costs are costs incurred by the company during the manufacturing or management process with the aim of producing products that are ready for market. This calculation of production costs will be carried out from the beginning of processing, to finished or semi-finished goods. Production costs can be said to be efficient if the expenditure of these costs does not occur a waste and is able to produce product output with good quantity and quality, for this reason a systematic effort is needed in the company by comparing work performance with the plan and making appropriate action on the difference (Rozi, Fachrul. 2022). In the production of a finished product, the company must measure the costs that have been incurred as a basis for determining the cost of goods, if there is a delay in control, it will result in increased costs and decreased profitability. In addition to this, the company in carrying out a production activity requires costs to process raw materials into finished products. The costs incurred will be accumulated to production costs.

### **RESEARCH METHODS**

This type of research is descriptive research with a quantitative approach. The data used in this study are primary data from direct observation of Real Cafe in Makassar coffee shop MSME business actors.

The data source used in this research is primary data in the form of data directly related to the Real Café beverage production process. In analyzing this research data,

the stages in determining the cost of goods based on activity-based costing are as follows:

- 1) Factory overhead costs are charged to the appropriate activity.
- 2) Activity costs are grouped into homogeneous cost pools.
- 3) Determine the rate for each cost pool. The rate is calculated by dividing the sum of all costs in the cost pool by the size of the activity performed.
- 4) At the next stage, activity costs are charged to products based on the consumption or demand for the activity by each product.

## DISCUSSION OF RESEARCH RESULTS

This research establishes product costs by considering the activities actually used in the production process using Real cafe's cost utilization data in December 2023. Better decision-making on cost, effectiveness, and resource allocation is greatly helped by this.

**Table 1. Monthly Production**

NO	PRODUCT TYPE	RAW MATERIALS (Rp)	PRODUCTION QUANTITY (unit)
1	milk coffee	Rp2,100,000.00	270
2	cappucino	Rp3,360,000.00	280
3	vanilla latte	Rp3,500,000.00	250
TOTAL		Rp8,960,000.00	800

Source: Real cafe's 2023.

According to Table 1 above, a real cafe can produce a variety of goods in a single month, such as milk coffee (270 units, raw material cost IDR 2,100,000.00), cappuccino (280 units, raw material cost IDR 3,360,000.00), and vanilla latte (250 units, raw material cost IDR 3,500,000.00).

**Table 2 Direct Labor Costs**

NO	PRODUCT TYPE	LABOR	DIRECT LABOR COSTS (Rp)
1	milk coffee	1	Rp1,000,000.00
2	Cappuccino	1	Rp1,000,000.00
3	vanilla latte	1	Rp1,000,000.00
TOTAL		3	Rp3,000,000.00

Source: Real cafe's 2023.

According to Table 2, each of the three drinks: milk coffee, cappuccino, and vanilla latte requires one worker and costs Rp1,000,000.

Table 3: Costs of Factory Overhead The prices of auxiliary materials are Rp250,000.00, administration is Rp500,000.00, electricity is Rp600,000.00, telecommunication is Rp600,000.00, machine depreciation is Rp500,000.00, and repairs are Rp1,000,000.00.

**Table 3 Factory Overhead Costs**

NO	COST TYPE	AMOUNT (Rp)
1	Cost of auxiliary materials	Rp250,000.00
2	Administration costs	Rp500,000.00
3	Telecommunication costs	Rp600,000.00
4	Electricity cost	Rp600,000.00
5	Machine depreciation cost	Rp500,000.00
6	Repair cost	Rp1,000,000.00
TOTAL		Rp3,450,000.00

Source: Real cafe's 2023.

**Table 4 Classification in Activities**

ACTIVITY LEVEL	FACTORY OVERHEAD COSTS	AMOUNT (Rp)
Unit Level	Cost of auxiliary materials	Rp250,000.00
	Administration costs	Rp500,000.00
	Telecommunication costs	Rp600,000.00
Batch Level	Electricity cost	Rp600,000.00
Facility Level	Machine depreciation cost	Rp500,000.00
	Repair cost	Rp1,000,000.00
TOTAL		Rp3,450,000.00

Source: Real cafe's 2023.

Table 4: Classification of Activities Unit Level: This includes costs for supporting materials, administration, and telecommunication; Batch Level: This includes expenditures for power; Facility Level: This includes costs for machine repair and depreciation, totaling Rp3,450,000.00.

**Table 5 Determination of Cost Pool and Cost Drive**

Cost Pool	Activity Level	FACTORY OVERHEAD COSTS	Cost driver	Description
pool 1	Unit Level	Cost of auxiliary materials	product unit	800 unit
		Administration costs	product unit	
		Telecommunication costs	product unit	
pool 2	Batch Level	Electricity cost	total KWH	1300 KWH
	Facility Level	Machine depreciation cost	machine working hours	210 hours
		Repair cost	vehicle working hours	

Source: Real cafe's 2023.

Table 5: determination of cost pool and cost drive shows that the cost drive per unit product is 800 units for pool 1, which includes the cost of auxiliary supplies,

administrative expenses, and telecommunications costs. then facility level factory overhead costs are followed by batch level factory overhead costs. the total kwh of electricity for cost drive is 1300 kwh. machine working hours, machine depreciation costs, and factor overhead costs a vehicle's repair cost and working hours total 210 hours.

**Table 6 pool rate determination**

Cost Pool	Activity Level	FACTORY OVERHEAD COSTS	cost driver	cost pool (Rp)	pool rate (Rp)	AMOUNT (Rp)
pool 1	Unit Level	Cost of auxiliary materials	800	Rp250,000.00	Rp312.50	Rp1,687.50
		Administration costs	800	Rp500,000.00	Rp625.00	
		Telecommunication costs	800	Rp600,000.00	Rp750.00	
pool 2	Batch Level	Electricity cost	1300	Rp600,000.00	Rp461.54	Rp461.54
	Facility Level	Machine depreciation cost	210	Rp500,000.00	Rp2,380.95	Rp7,142.86
		Repair cost	210	Rp1,000,000.00	Rp4,761.90	
TOTAL						Rp9,291.90

Source: Real cafe's 2023.

**Table 7 the assignment of overhead costs to each product**

Activity Level	Activity	product type (Rp)		
		milk coffee	cappucino	vanila latte
Unit Level	Product unit quantity			
	270 x 1688	Rp455,760.00		
	280 x 1688		Rp472,640.00	
	250 x 1688			Rp422,000.00
Batch Level	Total KWH			
	433 x 462	Rp200,046.00		
	434 x 462		Rp200,508.00	
	434 x 462			Rp200,046.00
Facility Level	Machine working hours			
	70 x 2381	Rp166,670.00		
	75 x 2381		Rp178,575.00	
	65 x 2381			Rp154,765.00
Total		Rp822,476.00	Rp851,723.00	Rp776,811.00

Source: Real cafe's 2023.

Table 7 charges overhead costs to each product where for milk coffee products amounted to Rp822,476.00, cappucino products amounted to Rp851,723.00 and for

vanilla latte products amounted to Rp776,811.00.

**Table 8 calculation of the cost of goods of Activity-based costing system products**

Description	product type (Rp)		
	milk coffee	Cappuccino	vanila latte
Raw material cost	Rp2,100,000.00	Rp3,360,000.00	Rp3,500,000.00
Factory overhead cost	Rp989,146.00	Rp4,390,298.00	Rp4,631,622.00
Quantity	Rp3,089,146.00	Rp7,750,298.00	Rp8,131,622.00
Product unit	270	280	250
<b>COGS per unit</b>	<b>Rp11,441.28</b>	<b>Rp27,679.64</b>	<b>Rp32,526.49</b>

Source: Real cafe's 2023.

Table 8 calculation of the cost of goods of activity-based costing system products for milk coffee products Raw material cost Rp2,100,000.00, Factory overhead cost Rp989,146.00, Quantity Rp3,089,146.00, Product unit 270 and COGS per unit Rp11,441.28; for capocino products Raw material cost Rp3,360,000.00, Factory overhead cost Rp4,390,298.00, Quantity Rp7,750,298.00, Product unit 280 and COGS per unit Rp27,679.64; for vanilla latte products Raw material cost Rp3,500,000.00, Factory overhead cost Rp4,631,622.00, Quantity Rp8,131,622.00, Product units 250 and COGS per unit Rp32,526.49.

## CONCLUSION

Based on the study's findings, it can be said that café real has used the following steps to determine the cost of commodities using activity-based costing: 1) Charge factory overhead costs to the relevant activity; 2) Group activity costs into homogeneous cost pools; and 3) Establish the rate for every cost group. The following step involves charging activity costs to goods depending on how much each product consumes or demands from the activities. The rate is computed by dividing the total cost in the cost pool by the amount of the activity completed. Thus, it can be said that the three actual café products' cost of commodities produced was determined in accordance with the activity-based costing method.

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