

Cost Calculation and Selling Price Determination for MSME in Jababeka Industrial Area

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Abstract

Besides the position as an industrial center, Jababeka is also a residential and MSME center that supports the regional economy. Even though they are continuously growing, MSMEs still need a numerous supports to be able to develop further, including how MSMEs can accurately calculate business costs and ultimately determine the right selling price. This training was divided into two sessions, where the first session focused on the concept of business costs, while in the second session, participants were asked to directly applied the previous concept and calculate their real business costs. The results of the questionnaire distributed to all 60 MSME participants showed that this training was able to provide an understanding of cost calculations and determining product selling prices. Therefore, it can be concluded that this training has successfully contributed to the MSME growth.

Keywords: Cost calculation; MSME; Selling price determination.

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Introduction

The Jababeka Industrial Area is an exclusive economic zone that has been operating since 1989 and is one of the largest industrial areas in Southeast Asia (Lembah, 2021). In 2020, this area won the Asia Best Industrial Player award, which reflects innovative and sustainable performance in integrated city development (Lembah, 2021). Besides, there are more than 2000 factories operating here. Therefore, this area has developed into not only a residential and MSME center, but also an educational center, one of which is President University, which was founded in 2002. The existence of this educational center also plays a role in supporting the economic development of the Cikarang community.

Looking at the business prospects in Cikarang, assistance to MSME is becoming an emerging issue. These MSMEs not only play a role in driving the local economy but also in maintaining national stability. MSMEs contribute more than 60% of Indonesia's gross domestic product contribution (Kadin, 2024). Every year, the MSME sector experiences growth, although slowly. MSMEs played a role in surviving the country's economy from the 2008 global crisis since they took on the role as the main economic contributor for the state. Further, when COVID-19 occurred, MSMEs were again tested for their resilience (Cahyono et al., 2023; Margunani & Ardiansari, 2021). In the midst of resource issues experienced by MSMEs (Warisaura et al., 2024), strategies for developing and surviving post-pandemic need to be carried out comprehensively, namely from a financial, marketing, and digitalization perspective.

Among the various challenges faced by MSMEs, financial management is one of the highlighted point (Cahayani et al., 2023). Many MSMEs do not have neat financial records, which causes capital constraints (Firmansyah et al., 2019). The ability to record and prepare financial reports is usually supported by skills provided from an academic background (Cahayani et al., 2023). In fact, the average MSME owner does not have those educational which lead to inadequate financial and accounting knowledge. Unfortunately, it can be argued that many MSMEs in Indonesia are not yet able to prepare structured and reliable financial reports (Firmansyah et al., 2019).

MSMEs need to understand more comprehensively the advantage of the proper recording of business transactions. First, orderly financial recording can improve better business planning strategies (Sharon et al., 2024). Not only about financial reports in general, MSME financial management capabilities include calculating the cost of production so that they can determine the right selling price (Yustitia & Adriansah, 2022; Fitriati et al., 2021). Correct cost calculations will be able to increase profits (Indrashwara et al., 2023), hence, MSMEs can focus on developing business digitalization (Margunani & Ardiansari, 2021; Oktarina & Widodo, 2019). Further, Siswanti et al. (2023) argued that MSMEs need to be trained more to be able to calculate production costs, therefore, financial reports will be more organized and useful for obtaining funds.

Evaluating from the Strength, Weakness, Opportunity & Threat (SWOT) analysis, MSMEs in Cikarang have strengths in the form of an active and consumptive market. There are thousands of students who continue their studies in Cikarang, which in turn drives the economy in this region. In addition, access to raw materials is relatively easy because Cikarang is relatively close to the capital city, Jakarta, where transportation costs for procuring goods and services are relatively affordable (Rahmawati et al., 2022). Besides, Cikarang MSMEs supported with access to MSME training, especially on product development, packaging, and digital marketing strategies, as a collaboration program between President University and the Department of Cooperatives and MSMEs (Hariyanto, 2024).



Picture 1. One of commercial are in Jababeka

In terms of weaknesses, most Cikarang MSMEs have to deal with limited financial knowledge. Several times training has been carried out, but on average, MSMEs still do not implement proper transaction recording and prepare financial reports. Poor financial management is certainly vulnerable as the burden of their ability to adapt in uncertain conditions such as market fluctuations, fluctuations in raw material prices, and so on. Intense competition between small businesses in Cikarang can trigger incorrect determinations of selling prices. Further, limited resources are a threat, especially since there is so much foreign investment coming into this area. If MSMEs are not prepared well, there will be a high possibility that one day the market could be taken over by businesses owned by foreigners. This SWOT analysis was carried out by referring to the implementation in the research article by Rahmawati et al. (2022).

Therefore, this article explains the research efforts to conduct a workshop aimed at helping MSMEs in Jababeka Cikarang learn about how to determine the correct cost of production and selling price. It is really hoped and expected that this training is not only theoretically advantageous, but also applied in practical.

Method

This training collaborates with the *UMKM Naik Kelas Kabupaten Bekasi* program, which is overseen by Dinas Koperasi dan UMKM. There were 60 MSMEs participating in activities held at Fablab President University on May 6, 2024, from 08.00 to 15.00. The workshop is divided into 2 discussion sessions. The speakers came from 1 business practitioner and 1 academician, supported by 3 other academic committees. Practitioner speakers were chosen to enrich the discussion and share experience to provide a broader perspective for participants. Practitioner speakers were also invited the accompanying team from *UMKM Naik Kelas Kabupaten Bekasi*, who guided each participant to directly calculate their business cost.

The first training session was carried out by providing material on the nature of costs (fixed and variable costs), and it was expected that participants could analyze the relationship between the nature of costs and business strategy. This material underlying the importance of careful decision of committing to a fixed cost (Brierley et al., 2006). Unfortunately, fixed costs are sometimes ignored in business expansion decisions, resulting in idle capacity, which has severe consequences. Idle capacity burdens business finances and creates the illusion of profit, where without realizing it, you perceive that your business is generating profit but in the fact you are not. Fixed costs increase business risk since it cannot be easily canceled (Mowen & Hansen, 2011). Furthermore, MSMEs rush to commit to fixed costs before truly identifying their business capabilities and the risks they have to bear.

In the second session, participants will be invited to directly calculate the production costs of each business. By considering that each participant came from various types of businesses, the calculation practice was accompanied by several assistants from the *UMKM Naik Kelas Kabupaten Bekasi* program. At the end of the second training session, the evaluation was carried out in the form of post-assessments and questionnaires in order to measure participant satisfaction levels. Besides, it is also used as tool to measure the level of success of the training and the extent of the training's contribution in providing added value to MSME competencies, especially in financial management. By carrying out this activity, each participant is expected to be able to calculate each business cost in detail and determine the selling price accurately.

Result and Discussion

The total number of assisted MSMEs registered in the mentoring program of Dinas Koperasi dan UMKM are 80 participants, of whom 60 attended and participated in the training activities. Therefore, it can be said that the target of participants reached 75% of the overall MSMEs. The majority of participants are actively producing their sellable good, but unfortunately, they still lack the understanding to identify the cost components and calculate selling prices correctly. This argument is supported by the result of the initial assessment carried out by filling out a form regarding how each participant identified their business cost.

Table 1. Recapitulation from Cost Assessment Form

No.	Initial Assessment	Valid Response	Correct Response	Percentage
1	Classification of production cost components	60	20	33%
2	Classification of fixed cost components	60	18	30%
3	Classification of cost of goods sold components	60	38	63%
4	Classification of operating cost components	60	30	50%
5	Calculation of cost of goods sold	60	34	56%
6	Calculation of selling price and profit	60	28	47%

Source: Data proceed by research (2024)

Table 1 shows several indicators related to the ability of MSMEs to classify costs and calculate the cost of goods sold, including the ability to calculate selling prices and determine the profits correctly. It can be seen that the percentage of cost classification abilities by participants is relatively low. Further, it also indicates the need for intensive training, especially in determining the right selling price and at the end, it is expected to help them gain more profit (Oktapriana et al., 2021).

Many factors influence the lack of ability of MSMEs in conducting this cost classification and calculation. From the discussion in the training session, most MSMEs do not have a qualified accounting education background. In addition, many questions arose from the participants who showed positive enthusiasm for the implementation of this training. After being involved in the discussion session, participants began to understand the flow of cost classification and proper calculation. This shows that this form of literacy is able to improve understanding and become the basis for making business decisions and actions for business (Andriani et al., 2019).



Picture 2. Training Session 1



Picture 3. Training Session 2

In the follow-up session, a series of mentoring and selling price calculation practices were carried out for all participants. In this session, directions were given to each MSME in fixing the classification of business costs and components in the calculation of the cost of goods produced. The targeted end result is the accuracy of determining the selling price with an appropriate profit estimation.

Table 2. Recapitulation of After-training Assessment

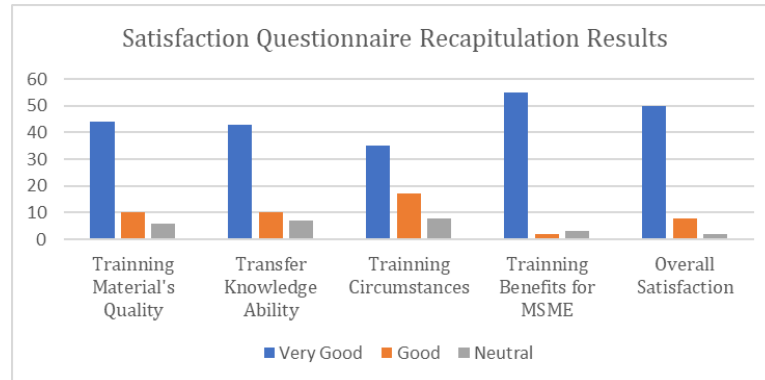
No.	Initial Assessment	Valid Response	Correct Response	Percentage
1	Classification of production cost components	60	52	87%
2	Classification of fixed cost components	60	49	82%
3	Classification of cost of goods sold components	60	55	92%
4	Classification of operating cost components	60	58	97%
5	Calculation of cost of goods sold	60	57	95%
6	Calculation of selling price and profit	60	57	95%

Source: Data proceed by research (2024)

To evaluate the increase in understanding and ability of MSME, the questionnaires were distributed at the end of the second session. Based on Table 2, there was a significant increase in percentage across all assessment indicators. The majority of participants have a better understanding of cost classification and are able to determine the right components in the calculation of cost of goods sold and selling price. With the accuracy of the cost components, the calculation results became more accurate. Training that is carried out consistently and intensively is able to increase the capacity and quality of human resources, so that it will increase productivity and achievement of organizational targets (Ardiyansyah et al., 2023). Through training, there has been a process of transforming knowledge and skills that can increase awareness in making decisions (Porwani et al., 2023). Such is the case with the assessment results that occurred in the training provided to these MSME actors. Simultaneously, it was not only able to increase the percentage of

understanding, but also able to make them realize the importance of the accuracy of classification and calculation of cost components in running a business.

The end of the training session was closed with the submission of a satisfaction questionnaire. This instrument is used to evaluate the participants' level of satisfaction with the activities they participated in. The high and low level of satisfaction is also an indicator of the success of the activities carried out.



Picture 4. Satisfaction Questionnaire Recapitulation Results

Source: Data proceed by research (2024)

The graph above shows the results of the participants' questionnaires measured through five indicators on a scale of 1 to 3. Scale 1 indicates excellent quality, scale 2 indicates good quality and scale 3 indicates the neutrality of participants in assessing quality. Of the five indicators, an average percentage of 76% expressed very good quality regarding the implementation of the training. These results provide a positive review of the activities carried out by the implementation team. Through the results of this satisfaction level, it can also be said that the usefulness contribution of the training has been optimally conveyed to the assisted MSME within the Dinas Koperasi dan UMKM Bekasi.

Conclusion

The idea to conduct community service activities by a team of accounting lecturers at President University was warmly welcomed by the Dinas Koperasi dan UMKM Bekasi. The need for training with material that is in accordance with the problems of most MSMEs is the point of agreement for this collaboration. Since the beginning, the preparation of the material has indeed been adjusted to the targets and needs of the participants who will attend. The form of material delivery was also made as simple as possible, supported with two-way discussions and calculation practices directly. The method applied was able to increase the understanding and capacity of MSMEs in business management, especially in the ability to classify costs and calculate the components of cost of goods sold. Overall, the relatively high level of participant satisfaction also indicates the successful implementation of this training activity.

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