Evaluation of Sales Price Within Calculation Cost of Good Production SMEs Pempek Ilir Barat I and Bukit Kecil District, Palembang

Elisa¹, Marieska Lupikawaty¹, Yusleli Herawati¹, Purwati¹

¹Business Administration Department, Politechnic State of Sriwijaya, Palembang, Indonesia
*Corresponding author. Email: elisaagusmugiarto@yahoo.com

ABSTRACT

The study focused on analyzing the Cost of Good Production. Calculation the cost of production for setting the selling price and profit, so it can help management to make decisions about a product that is produced both on the selling price as well as other decisions. The study used as sample of 50 businesses in the district pempek Ilir Barat I and Bukit Kecil Palembang. The sampling technique is simple random sampling. Instruments in this study was a questionnaire. The results showed that there were 21 businesses that have Cost of production is greater than the selling price, which means that the business suffered losses. The remaining 29 businesses that have Cost of production is less than the selling price, this means the company’s profit. It is advisable to businesses that suffered losses, in order to re-pricing pempek product. The findings of this study may inform that businesses in the district Ilir Barat I and Bukit Kecil Palembang who have BEP (IDR) Highest is pempek Ana and BEP (Q) the highest is Pempek Lala.

Keywords : sales price, Cost of Good Production

1. INTRODUCTION

Growing industry in Indonesia has plenty of managerial activities to support the production process and production so that every company is always looking for good quality workers. Various reasons are carried out by the business not only for profit, but to meet their needs as much as possible. Measures taken by humans to meet their needs can be said of economic action. The action taken by a person should have a clear reason or because there is a strong impetus for action. The reason a person to do or incentive to act or acting in the exercise of entrepreneurial activity called entrepreneurial reasons. Entrepreneurship [1] is a creative and innovative capability that is used as the base, tips, and resources to find opportunities to succeed. person can become self-motivated entrepreneur with which was the reason what he wants to do his job as a business person. Someone effort is a person or group of people who do business.

SMEs (Micro, Small and Medium Enterprises) is one sector that is very influential in Indonesia's economic progress. This was conveyed by the Regional Secretary (Secretary) South Sumatra Province, Nasrun Umar when opening KUR Coordination Meeting Counseling and improve the competitiveness of SMEs province of South Sumatra.

Based on data from the Ministry of Cooperatives and SMEs, the SME sector is the majority of business in Indonesia reached 99.95 with business people reaching 57.8 million. SME sector reached 4.8% each year.

Business world is today experiencing a very significant development. One is a business that has become the favorite culinary community. In Indonesia from every province has a culinary respectively as the icon of their city, one of which is pempek derived from Palembang in South Sumatra, which is made with a mixture of minced fish with corn starch mixed with water and then shaped, boiled, fried or grilled, and served with various shapes. Pempek itself has a lot of enthusiasts so many businesses make an effort pempek especially in Palembang are already familiar.

Business pempek in Palembang is the small and medium enterprises that produce pempek. Everyday businessman pempek usually record the costs incurred for the cost of production, but they do not separate the fixed costs or variable costs in produces pempek. Employers also want to know the profit to be gained, and how Cost of production.

Research problems this study is How to analyze the production cost, and whether setting the selling price of pempek was right by business pempek in the district Ilir Barat I and Bukit Kecil Palembang.

2. LITERATURE REVIEW

Reference [2] stated that the cost of production is all the cost elements that produced both fixed and variable. The price of staple products are all costs associated with the product [3]. According to [4], determining the cost is how to account for the cost to a product or order or service, which can be done by inserting the entire cost of
production or simply incorporate the variable production costs alone. Based on the above understanding can be concluded that the cost of production is the calculation of a cost element of all products or order services from the beginning to the end of the production process, by incorporating all the production costs or simply incorporate the variable production costs. Calculation of Cost of production is performed in order to determine the amount of production costs will be incurred by companies today will produce the goods / services. In general, the calculation HPP consists of costs of raw materials, labor costs, labor costs and overhead costs.

2.1 Benefits Determination of Cost of Production

Mulyadi [5], identifies the benefits of determining the cost of production in outline is to determine the selling price of products, monitor the realization of the production cost, compute periodic income, determine the cost of inventories of finished products and products in the process presented in the balance sheet.

2.2 Selling Price

Reference [6] stated that the general approach in determining the selling price is adding an approximate figure profit (markup) at cost price. Markup is the difference between the selling price and the cost of the product. Markup is usually a certain percentage of the cost of the product. This approach is called cost-plus pricing as a percentage markup that had been determined in advance added to the basic price figures to determine the selling price. Calculation of the selling price:

\[
\text{Markup cost} = \frac{\text{Total selling price} - \text{volume produk}}{\text{xxx}}
\]

\[
\text{Markup} = \frac{\text{Total selling price}}{\text{volume produk}} - \frac{\text{xxx}}{\text{xxx}}
\]

\[
\text{The selling price per unit} = \frac{\text{xxx}}{\text{xxx}}
\]

2.3 Criteria for SMEs

According to Law No.20 of 2008 on Micro, Small and Medium Enterprises, SMEs are the following criteria:

| Type of business | Asset value | Annual Sales Results |
|------------------|-------------|----------------------|
| Micro business   | <50 million | <300 million         |
| Small business   | 50 million - 500 million | 300 million - 2.5 billion |

| Medium Business | 500 million - 10 billion | 2.5 billion - 50 billion |

Source: Act No.20 of 2008

Based on research conducted in [7] entitled Analyst Break Even Point in the UD Cassava Crackers business in the Superior Kulim Farmers Group Kulim Pekanbaru City with the aim of the company to run its business is to make a profit or profit. The size of the profit obtained is often a measure of success or failure of a company's management. The ups and downs experienced by a small business or industry can be a factor affecting the smooth operation of its operations. Profit planning requires a tool in the form of Break Even Point analysis which studies the relationship between fixed costs, variable costs, profits and sales volume, so that in industrial businesses must try as much as possible to avoid loss or break even. UD Cassava Cracker Business UD Kulim Unggul Farmer Group is a small and medium business that sells cassava crackers. The research method used is descriptive analysis method. To get a clearer and detailed picture based on data and information obtained. The data used secondary data are fixed cost data, variable costs, sales volume, and selling prices. The results of the study showed that the UD Cassava Crackers Cracking Farmer Group in Kulim Unggul had been able to optimize its performance so that it had gained sales above the Break Even. UD Cassava Chips Crackers Business Kulim Unggul Superior Farmers Group should classify costs based on the cost behavior required in making better profit planning.

According to the research in [8] entitled Analysis of Break Even Point as the Basis for Decision Making of Selling Prices in Small and Medium Enterprises (SMEs) in Banda Aceh City, with the purpose is to analyse the break even point on selling price determination, to know the difference of selling price between the one which is stated by SMEs in trading sector in Banda Aceh and the onewhich is the result of break even point analysis, and also to know the correlation between the break even point andselling price. Type of the research is statistical descriptive analysis.Population in this research are SMEs listed in Dinas Perindustrian, Perdagangan, Koperasi, dan UKM in Banda Aceh. Based on certain criterias, there are 30 SMEs as the samples of the research. This research shows that there is a difference between the rate of selling price determined by the SMEs and break even point analysis result. Based on correlation test, there is positive significant correlation between selling price and break even point.

Based on Journal [9] entitled The Break Even Point and The Profit in a Restaurant. The hospitality industry represents one of the most dynamic sectors of the contemporary society, with an emphasised role in the process of globalization. Currently, the hospitality industry does not only face the challenges of the economic crisis but the changes in the market, the consumers’ behaviour and the technological trends, too. That is why, in this time, it is extremely important to apply the management accounting and the cost calculation in any entity in the hospitality industry in order to cope with the
market challenges. The main services are performed through the hospitality industry: the accommodation and the restauration. These services satisfy the vital needs of the tourists, but this industry must meet other needs or requests such as the acknowledgement of the social status, the desire to know other cultures or traditions, to spend free time in a pleasant manner etc. Our intention and goal in the current article is to approach an image of the CVP analysis in the decision making process with an emphasis on the restauration in the hospitality industry. In order to cope with this critical time, the competition and to achieve the profits estimated, the managers in the hospitality industry can apply the CVP analysis, one of the simplest and most useful analytical instruments. The paper will tackle with the problem of the break even point in a restaurant, one of the main indicators of the CVP model and also the possibility of the decision making process orientation.

The research in reference [11] entitled Role of Analysis CVP (Cost-Volume-Profit) as Important Indicator for Planning and Making Decisions in the Business Environment intends to know how much the Cost-Volume-Profit Analysis is used to planning and making decisions in the business environment. The research has been done in manufacturing and service enterprises, using the combination of econometric models in order for the research to be as accurate and to have positive effect. The data are realized through structured questionnaires, using the Mann-Whitney U test, Brunner Munzel test, p-value, BootStrap, DF-degree of freedom, percent confidence interval, with the dependent and independent variables etc. In whom case the hypotheses are verified, which are raised.

The results of this research showed that amount of product produced has positive effect on sales valueo service companies and raising profit to the manufacturing business environment, also exists an important relationship between production and sales, and CVP analysis contributes to growth profitability and break-even in the business environment. So, a conclusion based on the results found from research, cost-volume-profit analysis should be used for making decisions, because the risk threshold evidently decreases by doing such analysis. The great demand from service companies for products it significantly increases profit and producing to manufacturing enterprises.

3. METHOD

The study was conducted in Palembang, during 7 months of April 2019 to October 2019. Methods of data collection in a scientific study aimed to obtain relevant and accurate materials that are reliable in data collection techniques used in this study are:

1. Interview. Data collection methods used in this research is to use the interview, which collects data directly obtained from the respondents' answers with the debriefing.
2. Questionnaires. The data collection will be done through a questionnaire submitted to each respondent selected. With a personal questionnaire, researchers can deal directly with the respondent and can provide the necessary explanations.
3. Study of literature. Study of literature is a method of collecting data from books, literature related to the problems examined in order to locate and get complete knowledge about the issues examined.

The population in this study are the owners or principals of Small and Medium Enterprises that produce iconic foods Palembang, namely pempek situated in Ilir Barat I and Bukit Kecil Kota Palembang. The secondary data from BPS Palembang in Figures 2018. The number of samples obtained 50 Pemppek Business Unit. Technical analysis is a quantitative method used in this study, which will look for Cost of production. The expected income is: The difference between total revenue (TR) - Total Costs (TC). Where the Total Cost is Fixed
Costs Variable Costs plus. Design research in explanatory research is research that seeks to explain the calculation of the cost of production and the gains.

![Costs Calculation Diagram]

Notes:
- TC = Total Cost
- TR = Total Revenue
- P = Price
- Q = Quantity = Number of items sold

**Figure 2** Research Framework

### 4. RESULTS AND DISCUSSION

This below are result from calculation.

**Table 2** Market Value and Cost of Production of Pempek Pempek Business in Ilir Barat 1 Palembang

| No. | Business       | Price (IDR) | HPP (IDR) | record |
|-----|----------------|-------------|-----------|--------|
| 1   | Pempek Lala    | 1.000       | 727       | HPP    |
| 2   | Pempek Edy     | 1.000       | 615       | HPP    |
| 3   | Pempek Alif    | 1.500       | 3.035     | HPP>   |
| 4   | Pempek Cek Linda | 1.000   | 324       | HPP<   |
| 5   | Pempek Rayhan  | 1.000       | 2.058     | HPP>   |
| 6   | Pempek Saga Sudi Mampir | 4.000 | 1.227   | HPP<   |
| 7   | Pempek Pak Raden | 4.000   | 1.729     | HPP<   |
| 8   | Pempek Ana     | 2.000       | 1.274     | HPP<   |
| 9   | Model Fika     | 1.000       | 815       | HPP<   |
| 10  | Pempek Beringin | 4.500   | 2.307     | HPP<   |
| 11  | Pempek Ani     | 3.500       | 2.397     | HPP<   |
| 12  | Pempek Cek Dedek | 1.250  | 578       | HPP<   |
| 13  | Pempek Murni   | 1.000       | 965       | HPP<   |
| 14  | Pempek Dhila   | 1.000       | 3.446     | HPP>   |
| 15  | Pempek Nyayu   | 1.000       | 3.646     | HPP<   |
| 16  | Pempek Dayat   | 1.000       | 713       | HPP<   |
| 17  | Pempek Restu Ibu | 1.000 | 1.885     | HPP<   |
| 18  | Pempek Amanda  | 2.000       | 1.955     | HPP<   |
| 19  | Pempek Aben    | 1.500       | 983       | HPP<   |
| 20  | Pempek Cek Da  | 1.000       | 2.961     | HPP>   |
| 21  | Pempek Cek Isa | 1.000       | 2.210     | HPP>   |
| 22  | Pempek Rizky   | 1.000       | 1.388     | HPP>   |
| 23  | Pempek Hafiz   | 1.000       | 893       | HPP<   |
| 24  | Pempek Hesti   | 1.000       | 3.218     | HPP>   |
| 25  | Pempek Saga Lamo | 2.500   | 6.536     | HPP>   |
| 26  | Pempek Arya    | 1.000       | 4.525     | HPP<   |
| 27  | Pempek Embik   | 1.000       | 193       | HPP<   |
| 28  | Pempek Mang Pit | 1.250   | 613       | HPP<   |
| 29  | Pempek Vico    | 4.000       | 1.243     | HPP<   |
| 30  | Pempek Radial  | 1.000       | 106       | HPP<   |
| 31  | Pempek Rhia    | 1.500       | 1.677     | HPP>   |
| 32  | Pempek Kapal Selam | 4.800 | 2.538     | HPP<   |
| 33  | Pempek Puncak At | 3.500  | 2.998     | HPP<   |
| 34  | Pempek Ddd     | 1.500       | 2.067     | HPP>   |
| 35  | Pempek Cek Molek | 2.500   | 3.925     | HPP>   |
| 36  | Pempek Dedek   | 1.500       | 2.615     | HPP>   |
| 37  | Pempek Linda   | 3.000       | 2.992     | HPP<   |
| 38  | Pempek Kuyung  | 1.000       | 1.649     | HPP>   |
| 39  | Pempek Nony    | 4.400       | 1.291     | HPP<   |
| 40  | Pempek         | 4.000       | 5.469     | HPP>   |
| No. | Business         | Price (IDR) | HPP (IDR) | record |
|-----|------------------|-------------|-----------|--------|
| 41  | Candy Palembang  |             |           | P      |
| 42  | Pempek Lunjuk    | 1.000       | 787       | HPP    |
| 43  | Pempek Mang Cek Alak | 1.000     | 536       | HPP <P |
| 44  | Pempek 1000      | 1.000       | 415.1     | HPP <P |
| 45  | Pempek Cek Yati  | 1.000       | 1.341     | HPP > P|
| 46  | Pempek Mang Cik Hasan | 1.000   | 1.422     | HPP > P|
| 47  | Pempek Cek Ida   | 1.000       | 3.507     | HPP > P|
| 48  | Pempek Cek Ima   | 1.000       | 1.570     | HPP < P|
| 49  | Model H Dowa     | 2.000       | 24        | HPP < P|
| 50  | Pempek Atai      | 1.000       | 763       | HPP < P|

Source: Data Processed (2019)

After processed of 50 questionnaires pempek businesses in the District of Ilir Barat I and Bukit Kecil Palembang, found that two-thirds of the businesses that have the Cost of Goods Sold (COGS) was higher than the sales price (P = Price), which means that the business loss, but they still run their business because besides pempek, they also sell kemplang, crackers, and others. So that losses can be covered on one side by gains on other products, and usually they just introduce that Pempek also sold in stores.

The remaining 29 businesses that have a Cost of Goods Sold (COGS) is smaller than the selling price, this means the company's profit.

Based on the following business scale calculation between the total cost (TC) and total sales (TR) per month according to the calculations.

Table 3 Business Scale Calculation Between the Total Cost (TC) and Total Revenue (TR) per Month

| Scale enterprises | Sales per year     | Sales per month    |
|-------------------|--------------------|--------------------|
| Micro             | <300 million       | <25m               |
| Small             | 300 million-2.5 M  | 25 million - 208 million |
| Medium            | 2.5 M - 50 M       | 208 million - 4.17 M |

Fig 3. Comparison of Total Cost, Total Revenue, Profit and Loss of Pempek Business in Ilir Barat I District and Bukit Kecil Palembang (per Month) in 2019.

Figure 4 Comparison of Micro Scale Pempek Profit and Loss in Ilir Barat I District and Bukit Kecil Palembang (per Month) in 2019

Figure 5. Comparison of Small Scale Pempek Profit and Loss in Ilir Barat I District and Bukit Kecil Palembang (per Month) in 2019
It can be seen that the company conducts its business ranging from small, medium, or large. Table 2 above informs that there are 17 pieces of micro, 23 pieces of small businesses and medium-sized businesses 7 pieces. And there are many kinds of products pempek they produce, which can be; pempek small, pempek Submarine, lenjer pempek, model or tekwan, swing pempek and pempek Bake.

In terms of price, the price varies from 1.000.00 IDR, 1.500.00 IDR, 2.000.00 IDR, 3.000.00 IDR, 3.500.00 IDR, 4.000.00 IDR and 4.800.00 IDR. This price is determined by the market or the consumers we will (to whom the goods are to be sold). To whom is dependent on: income or the income of the consumer. Whether to upper-middle or lower middle.

While the company produces the goods at that price, determined by the use of raw materials; the higher the price, the better the raw materials used. In addition to raw materials, the service also determines the price, for example; where an effort was made as the best and comfortable as possible. For example, a business Submarine Pempek, the highest price of goods among other pempek business is 4.800.00 IDR for small pempek. They prepare a place as beautiful and comfortable as possible, the service or the decor of space and the best service.

Table 4 BEP (IDR) and BEP (Q) on Pempek of Business Enterprises in Ilir Barat 1 and Small Bukit Palembang.

| No . | Business   | BEP (IDR)  | BEP (Q)  | Record     |
|------|------------|------------|----------|------------|
| 1    | Pempek Lala| 2.274 million | Unit 2274| 1 Highest Bep (Q) |
| 2    | Pempek Edy | 2.027 million | Unit 2027| 2nd highest Bep (Q) |
| 3    | Pempek Alif| 525.000 | 525 | Units |
| 4    | Pempek Cek Linda | 218.000 | 218 | Units |

**Figure 6.** Comparison of Medium Scale Pempek Profit and Loss in Ilir Barat I District and Bukit Kecil Palembang (per Month) in 2019

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From Table IV above can be sorted by BEP (IDR) in which the highest are:

1. Ana pempek in the amount of 5.840.000,00 IDR
2. Cek Molek pempek 4.322.500,00 IDR
3. Candy pempek 4.232.000,00 IDR
4. Lala pempek in the amount of 2.274.000,00 IDR
5. Edy pempek in the amount of 2.027.000,00 IDR

As for the BEP (Q) can be sorted highest are:

1. Lala pempek in the amount of 2.274 units
2. Edy pempek in the number of 2.027 units
3. Cek Molek pempek in the amount of 1.729 units
4. Ana pempek in the amount of 1.460 units
5. Candy pempek in the amount of 1.058 units

From the above table can be sorted by BEP (IDR) which is the lowest are:

1. Radial pempek in the amount of 34.000,00 IDR
2. Aben pempek in the amount of 36.000,00 IDR
3. Arya and Embik pempek 43.000,00 IDR
4. 1000 pempek 55.000,00 IDR
5. Cek Dedek pempek 62.500,00 IDR

As for the BEP (Q) is the lowest sortable

1. Cek Da pempek in the amount of 15 Units
2. Aben pempek in the amount of 18 Units
3. Rhia pempek in the amount of 34 Units
4. Arya and Embik pempek in amount of 43 Units
5. Vico pempek in the amount of 54 Units

5. CONCLUSION

From the calculation Cost of Production found that there 21 businesses that have Cost of production is greater than the selling price, which means that the business suffered losses. The remaining 29 businesses that have Cost of production is less than the selling price, this means the company's profit. It is advisable to businesses that suffered losses, in order to re-pricing selling business pempek product. The findings of this study may inform that businesses in the district pempek Ilir Barat I and Bukit Kecil Palembang who have BEP (Rp) Highest is pempek Ana and BEP (Q) the highest is Pempek Lala.

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