

Application of Variable Costing Method to Determine Cost of Production and Selling Price in MSMEs Rengginang 1 Putra, Lumajang Regency

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ABSTRACT

This study aims to examine how the influence and impact of the application of *variable costing* on the determination of cost of production in Rengginang 1 Putra MSMEs, this study uses a comparative method research case study. This research uses Rengginang 1 Putra MSMEs, which are MSMEs engaged in rengginang production which is precisely located in Karangrejo Village, Yosowilangun District, Lumajang Regency. The types of data used are quantitative data and qualitative data. According to the study's findings, Rengginang 1 Putra MSMEs' use of the variable costing approach to calculate production costs has an impact on the cost of production, which solely accounts for variable costs. MSMEs like Rengginang 1 Putra may gain a lot from using the variable costing approach to calculate a more precise and competitive cost of production. Because only variable costs are applied to the product, Rengginang 1 Putra MSMEs may also determine the cost of production per unit more precisely thanks to the variable costing approach. Thus, Rengginang 1 Putra MSMEs can be more precise in setting product selling prices that are lower than those previously implemented.

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1. INTRODUCTION

In Indonesia, one of the businesses that is growing rapidly among the community is Micro, Small and Medium Enterprises (MSMEs). Micro, Small and Medium Enterprises need to be developed as part of the economy among the community. The role of MSMEs is very much in helping the

community in increasing income. Developing innovations in the creative economy made by the community from the manufacture of new products that have not been made before. And innovate from making existing products, with new variants or ideas. The increasingly competitive business world demands that management must be able to run the company

effectively and efficiently. Basically, the main goal of a company is to generate profits, the determination of the right cost of production is influenced by the calculation of production costs and accumulated costs. Information on determining the right cost of production will be used in determining the selling price that will be given to consumers [1]. In obtaining profits, of course, it is not an easy thing to achieve, with economic conditions and competition that have developed. The profit earned by the company consists of several factors, including costs and selling prices.

Variable costing is one method of calculating manufacturing costs that helps businesses decide on selling prices and profits. The process of determining production costs that solely consider expenses that exhibit variable behavior, such as direct labor costs, raw material costs, and variable factory overhead costs, is known as variable costing [2]. In addition to covering the company's expenses, this approach enables businesses to compete in the product market. It may identify the ideal selling price to generate profits by using the variable costing approach. Pricing is a key component in making money. In order to turn a profit, the selling price must be high enough to pay all expenses. The selling price will be too high or too low if there is a mistake in the production cost. A selling price that is too low can result in a small profit generated so that it cannot cover the costs generated by the company and vice versa, a high selling price can reduce buyers so that it is less profitable for the company. The selling price must be able to compete in the market so that it is enough to cover the costs incurred and generate profits.

Rengginang 1 Putra MSMEs are MSMEs engaged in food production, namely cooked rengginang. It is located at RT.04, RW.03, Karangrejo Village, Yosowilangun District, Lumajang Regency. Rengginang 1 Putra's production cost was calculated based only on the expenses involved in producing rengginang. Many members of the MSME community use appropriate methods to calculate production costs, which can have an impact on the quantity of product value. Because the cost price established is

excessively high, the pricing is inaccurate, damages other firms' power, and results in losses and a tendency to lose to rival businesses. However, if you set a lower cost of goods, it will affect the profits obtained, because the costs should not be calculated properly as a whole. That's why every company that is run needs to have an accurate production cost calculation process. The selling price of the mature Rengginang 1 Putra MSMEs is sold at a price of Rp.12,000. In the current situation, the selling price set is still too high so that to compete in the market as it is now, which has developed tends to be low. Thus, Rengginang 1 Putra MSMEs can use various methods, one of which is using the variable costing method, which can be found to help determine the value of the product and production costs which only include variable costs in the cost of products. In keeping with the goal of this research, which is to determine how the variable costing method affects the setting of production prices and how Rengginang 1 Putra MSMEs use the variable costing method differently. so that they can maintain their current level of market competition, attract more consumers, and make the appropriate profits. Based on the description above, the author of this study conducted research on the value of production and the value of selling so that this research is entitled "Application of the Costing Variable Method to the Determination of Cost of Production and Selling Prices in MSMEs Rengginang 1 Putra Lumajang Regency". Given the background information provided above, the study question is: How does the use of the variable costing approach impact MSMEs Rengginang 1 Putra's production cost determination? What effect, then, does the use of the variable costing approach have on determining the MSME items' selling price? What distinguishes the variable costing approach from the pricing calculation used by Rengginang 1 Putra MSMEs?

The findings of this study can be used as a basis to provide recommendations to manufacturing companies in making better financial decisions. can helps in testing and developing financial theories related to

financial ratios, earnings growth, and stock returns. Provide empirical evidence that can be used to evaluate and improve existing theoretical models. Adding to the existing literature on the relationship with financial ratios, revenue growth, and stock returns, especially in the context of the Indonesian stock market. The results of the research can be published in academic journals, conferences, and textbooks, thus providing a reference for future research.

2. LITERATURE REVIEW

2.1 Cost Accounting

One branch of accounting is cost accounting, which helps management monitor and record cost transactions and provide financial reports [3]. Cost accounting can not only be applied to manufacturing companies but can also be used in non-manufacturing companies because management can greatly benefit from the decisions made regarding the charging of costs. according to [2] The three objectives of cost accounting are item cost determination, accurate and thorough cost control, and special decision-making. The cost of sacrificing economic resources to achieve a goal is the sum of money that has been or may have been spent. Cost is defined by Mursyidi [4] as a sacrifice that might reduce funds or other resources to achieve the goal, both now and in the future. The concept of cost given above consists of four main parts: Cost is a theoretically measurable economic resource expressed in monetary units. The process of classifying total costs involves arranging the elements of costs so that they are systematically grouped into specific groups. This allows more specific cost information to be provided to parties involved in the administration of the company [5].

2.2 Variable Costing

Variable costing (also known as direct costing) is a method of calculating costs in which only direct variable costs are allocated to the product or service produced. This approach makes a distinction between fixed costs, which are independent of production volume, and variable costs, which fluctuate in

response to production volume. Fixed expenses are not associated with the product; rather, they are seen as period costs. Based on the cost variable, the manufacturing cost is as follows:

| | |
|-------------------------|-------------------|
| Raw Material Cost | <u>Rp.x x x x</u> |
| Variable Labor Costs | <u>Rp.x x x x</u> |
| Variable overhead costs | <u>Rp.x x x x</u> |
| Cost of Production | <u>Rp.x x x x</u> |

Semi-variable costs are cost whose total amount changes according to changes in the volume of activities. The total amount of costs is greater when the volume of activities is lower, but the change is not proportional (disproportionate). Semi-variable costs should be separated into fixed costs and variable costs when creating a variable budget. This is due to the fact that this variable budget will be designed to meet the different levels of capacity that an organization can host.

2.3 Selling Price

$$\text{Selling Price} = \frac{\text{Biaya Produksi}}{1 - \text{Profit Margin}}$$

Information:

Production Cost: The cost incurred by the company in making baranag/services

Profit margin: The company's desired profit calculated from the percentage multiplied by the total cost of the unit.

Profit margin shows the efficiency of a company in managing costs relative to its sales. The components of profit margin according to Brigham [6] are as follows:

$$\text{Profit Margin} = (\text{Total Revenue} - \text{HPP}) / (\text{Total Revenue}) \times 100\%$$

2.4 Conceptual Framework

The first step in determining production costs is to complete the conceptual framework of the overview of the research to be conducted in order to determine the calculation of the cost of production in Rengginang 1 Putra. The production costs are divided into three categories: direct labor costs, raw material costs, and factory overhead costs. Following the identification of the three expenses, the cost of production is either calculated using the variable costing

approach or by assessing the cost of production as determined by Rengginang 1 Putra.

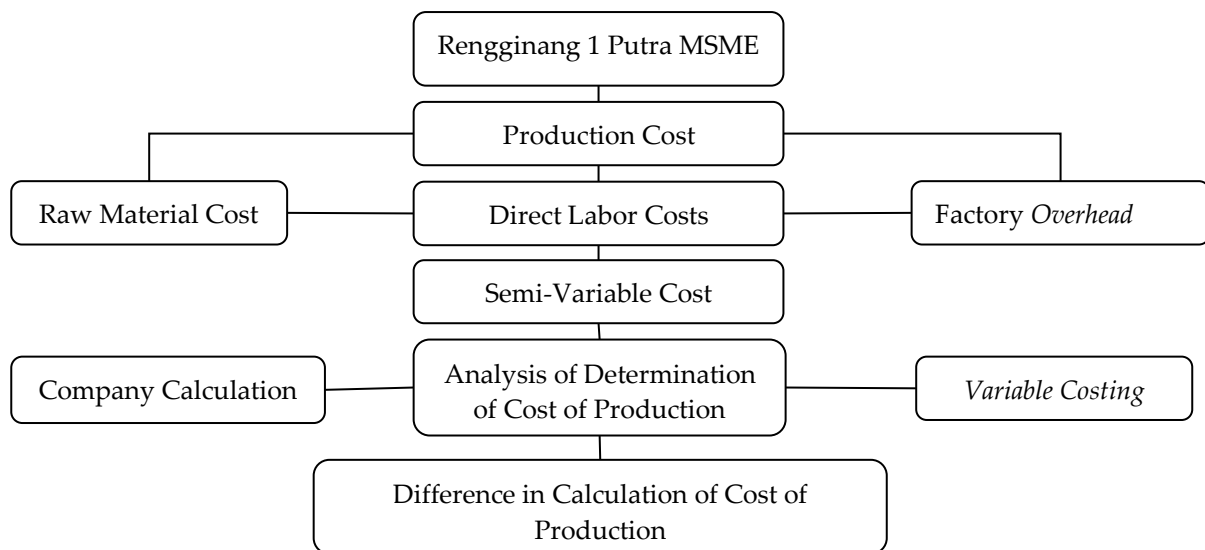


Figure 1. Conceptual Framework

3. RESEARCH METHODS

This study uses a case study. According to Creswell [7], a case study is a research strategy to carefully investigate something by collecting complete information using various data collection procedures. This case study is descriptive research that seeks information thoroughly, compiles, collects, processes, and analyzes data obtained from a cost variable approach in determining the selling price of products. Comparative method research, according to Ulber [8], is a type of research that compares two or more symptoms. This study aims to compare how Rengginang 1 Putra MSMEs calculate production costs and selling prices using cost variables. This research uses Rengginang 1 Putra MSMEs, which are MSMEs engaged in rengginang production which is precisely located in Karangrejo Village, Yosowilangun District, Lumajang Regency. In this study, there were 2 respondents, namely business owners and 1 employee of Rengginang MSMEs 1 Putra.

Using two types of data, namely quantitative data from Rengginang 1 Putra MSMEs which can be measured in units of money, including production costs, raw

material budgets, and overhead costs of the Rengginang 1 Putra MSME factory. Qualitative data is in the form of notes or explanations from Rengginang 1 Putra MSMEs that describe a brief history, production process, organizational structure, and others. According to Sugiyono [9], qualitative data is data in the form of words, schemas, and images. The qualitative data of this study is in the form of the name and address of the research object. The types of data and data sources used are quantitative data and qualitative data. Then the data sources used are primary data and secondary data.

4. RESULTS AND DISCUSSION

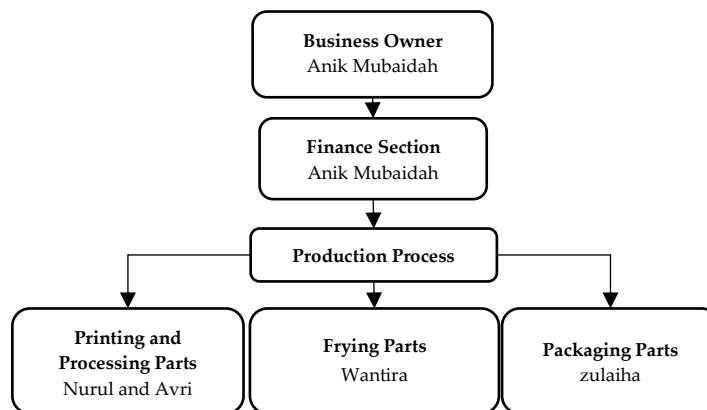


Figure 2. Organizational Structure

4.1 Calculating the Cost of Production

Table 1. Production Costs (Before Semi-Variable Separator)

| Cost Type | Production Cost |
|---------------------------------------|------------------------|
| A. Raw Material Cost | |
| Glutinous Rice | IDR 105,600,000 |
| Shrimp paste | IDR 3,600,000 |
| Garlic | IDR 3,600,000 |
| Amount of Raw Material Costs | IDR 112,800,000 |
| B. Labor Costs | |
| Printing Costs | IDR 35,650,000 |
| Frying Costs | IDR 17,950,000 |
| Packaging Parts | IDR 17,600,000 |
| Total Labor Costs | IDR 71,200,000 |
| C. Factory Overhead Costs | |
| Equipment Depreciation Cost | IDR 1,933,881 |
| Building Depreciation Costs | IDR 1,900,000 |
| Auxiliary Material Cost | IDR 24,720,000 |
| Other Overhead Costs | IDR 19,200,000 |
| Total Factory Overhead Costs | IDR 47,753,881 |
| Total Production Costs (A+B+C) | IDR 231,753,881 |

Source :D processed in 2024

Table 2. Production Costs (After Semi-Variable Separator)

| Cost Type | Cost | | Total Cost |
|-----------------------------|----------------|--------|----------------|
| | Variable | Remain | |
| A. Raw Material Cost | | | |
| 1 Glutinous Rice | Rp 105,600,000 | - | Rp 105,600,000 |
| 2 Terrace | Rp 3,600,000 | - | Rp 3,600,000 |

| | | | | |
|-------------------------------------|-------------------------|-----------------------|----------------------|-----------------------|
| 3 | Garlic | Rp 3,600,000 | - | Rp 3,600,000 |
| Amount of Raw Material Costs | | Rp 112,800,000 | - | Rp 112,800,000 |
| B. Labor Costs | | | | |
| 1 | Printing Costs | Rp 35,650,000 | - | Rp 35,650,000 |
| 2 | Frying Costs | Rp 17,950,000 | - | Rp 17,950,000 |
| 3 | Packaging Parts | Rp 17,600,000 | - | Rp 17,600,000 |
| Total Labor Costs | | Rp 71,200,000 | - | Rp 71,200,000 |
| C. Factory Overhead Costs | | | | |
| Equipment | | | | |
| 1 | Depreciation Cost | - | Rp 1,933,881 | Rp 1,933,881 |
| Building Depreciation | | | | |
| 2 | Costs | - | Rp 1,900,000 | Rp 1,900,000 |
| 3 | Auxiliary Material Cost | Rp 24,720,000 | - | Rp 24,720,000 |
| 4 | Other Overhead Costs | Rp 12,000,000 | - | Rp 12,000,000 |
| 5 | Employee Meal Costs | - | Rp 7,200,000 | Rp 7,200,000 |
| Total Factory Overhead Costs | | Rp 36,720,000 | Rp 11,033,881 | Rp 47,753,881 |
| Total Fees (A+B+C) | | Rp 220,720,000 | Rp 11,033,881 | Rp 231,753,881 |

Source :D processed in 2024

4.1.1 Calculation of the cost of production of MSMEs 1 Putra

In the calculation of the cost of production, according to the 1 son rengginang, it includes the cost of raw materials, direct labor costs, variable factory overhead costs, and fixed factory overhead costs.

| | |
|-----------------------|-----------------|
| Raw material cost | Rp. 112.800.000 |
| Direct labor costs | Rp. 71.200.000 |
| Cost overhead factory | Rp. 47.753.881 |
| Sum | Rp. 231.753.881 |

Table 3. Calculation of Cost of Production of Rengginang 1 Putra MSMEs

| Cost Type | Total Cost (Rp) |
|-------------------------------------|-------------------|
| Raw Material Cost | 112.800.000 |
| Labor Costs | 71.200.000 |
| Factory Overhead Cost: | |
| Plastic | 4.500.000 |
| Large plastic | 720.000 |
| Product labels | 1.200.000 |
| LPG gas | 5.100.000 |
| Electricity | 480.000 |
| Employee meal expenses | 7.200.000 |
| Cost of Auxiliary Materials | 24.720.000 |
| Equipment Depreciation Cost | 1.933.881 |
| Building Depreciation Costs | 1.900.000 |
| Total Factory Overhead Costs | 47.753.881 |

| | |
|--------------------------------|-------------|
| Total production costs in 2023 | 231.753.881 |
| Amount of production generated | 24.000 |
| Cost of production | 9.656 |

Source: Data processed in 2024

The cost of production for Rengginang 1 Putra MSMEs is Rp 9,656, as shown in table 4.26 of the details above. This amount is calculated by adding the costs of raw materials, direct labor, and factory overhead, which total Rp 231,753,881, and dividing that amount by the total production of 24,000 packs of rengginang.

4.1.2 Calculation of Cost of Production Using the Variable Costing Method

The cost of production using the variable costing method is obtained from the costs entered, which include the sum of raw material costs, labor costs, variable factory overhead costs only.

Raw material cost IDR 112,800,000

Direct labor costs IDR 71.200.000

Variable factory overhead costs IDR 36.720.000

Sum IDR 220,720,000

Table 4. Variable Factory Overhead costs

| | |
|-----------------------------|------------|
| Plastic | 4.500.000 |
| Large plastic | 720.000 |
| Product labels | 1.200/000 |
| LPG gas | 5.100/000 |
| Electricity | 480.000 |
| Cost of Auxiliary Materials | 24.720.000 |
| Sum | 36.720.000 |

Table 5. Calculation of Cost of Production Using the Variable Costing Method

| Cost Type | Total Cost (Rp) |
|-------------------------------------|-----------------|
| Raw Material Cost | 112.800.000 |
| Direct Labor Costs | 71.200.000 |
| Variable Plant Overhead Cost: | |
| Plastic | 4.500.000 |
| Large plastic | 720.000 |
| Product labels | 1.200.000 |
| LPG gas | 5.100.000 |
| Electricity | 480.000 |
| Cost of Auxiliary Materials | 24.720.000 |
| Total Variable Plant Overhead Costs | 36.720.000 |
| Total production costs in 2023 | 220.720.000 |
| Amount of production generated | 24.000 |
| Cost of production | 9.197 |

Source: Data processed in 2024

Based on table 4.28 above, the calculation of the cost of production using the variable costing method is calculated which is Rp. 9,197 where the figure is obtained from

the sum of the cost of raw materials, direct labor costs, variable factory overhead costs only so that Rp. 220,720,000 is obtained then divided by the number of packages, namely 24,000 packs.

4.2. Analyzing the Difference in Cost of Production

Table 6. Difference in Calculation of Cost of Production

| No | Information | Company Method | Costing Variable Method |
|----|-------------|----------------|-------------------------|
|----|-------------|----------------|-------------------------|

| | | | |
|---|----------------------------------|-------------|-------------|
| 1 | Raw Material Cost | 112.800.000 | 112.800.000 |
| 2 | Labor Costs | 71.200.000 | 71.200.000 |
| 3 | Factory <i>Overhead</i> Costs | 47.753.881 | 36.720.000 |
| 4 | Total Production Costs 2023 | 231.753.881 | 220.720.000 |
| 5 | Production Amount Produced | 24.000 | 24.000 |
| 6 | Cost of Production of Rengginang | 9.656 | 9.197 |

Source: Data processed in 2024

4.3. Determining Margin Profit

Profit margin is an important component used in an effort to determine and measure what percentage of profit we want to get. At this Rengginang 1 Putra MSME, they sell the rengginang at a price of Rp. 12,000 per pack. In 2023, Rengginang 1 Putra sold 24,000 packs with a revenue of Rp. 12,000 x 24,000, which is Rp. 288,000,000 *Profit Margin*

Formula:

$$\text{profit margin} = \left(\frac{\text{total revenue} - \text{hpp}}{\text{total revenue}} \right) \times 100\%$$

$$\text{profit margin} = \left(\frac{288.000.000 - 231.753.882}{288.000.000} \right) \times 100\%$$

$$= \times 100\% \frac{56.256.000}{288.000.000}$$

$$= 20\% = 0,2$$

It is evident from the preceding profit margin estimate that Rengginang 1 Putra's computation yielded a 20% result.

4.4. Determining the Selling Price

In determining the selling price of Rengginang 1 Putra MSMEs by adding the results of the calculation of the cost of production of the package plus the percentage of profit to be obtained with this calculation, it can be known the profit obtained by Rengginang 1 Putra per package with the following calculation:

4.4.1 Calculations applied by Rengginang 1 Putra MSMEs

$$\begin{aligned} \text{Selling price} &= \text{production cost} + \text{margin} \\ \text{percentage} &= 9,656 + 25\% \text{ of the cost of} \\ \text{production} &= 9.656 + 2.414 \\ &= 12,070 \text{ packs} \end{aligned}$$

4.4.2 Costing Variable Calculation

$$\begin{aligned} \text{Selling Price} &= \frac{\text{biaya produksi}}{(1 - \text{profit margin})} \\ &= \frac{9.197}{(1 - 0,2)} \end{aligned}$$

$$= \frac{9.197}{0,8}$$

$$= \text{IDR } 11,496$$

From the calculation above, there is a difference from the calculation applied by Rengginang 1 Putra MSMEs using the *variable costing method*, which is Rp. 12,070, while Rp. 11,496 the figure is obtained from the calculation of the *variable costing method*. The difference between the two is Rp. 574 or the calculation of the *variable costing method* is 4.8% lower than the calculation of the method applied by Rengginang 1 Putra.

DISCUSSION

The Effect of the Application of the Costing Variable Method on the Determination of Cost of Production in Rengginang 1 Putra MSMEs

According to the findings of the study, Rengginang 1 Putra MSMEs' production costs are determined by computing the total cost, which accounts for all expenses associated with the manufacturing process. The cost of production, which just accounts for variable expenses, is influenced by the variable costing method. MSMEs like Rengginang 1 Putra may gain a lot from using the variable costing approach to calculate a more precise and competitive cost of production. Rengginang 1 Putra MSMEs' use of the variable costing approach demonstrates how cost accounting theory may be applied to increase cost management, assist improved decision-making, and increase the accuracy of production cost determination. By separating variable and fixed costs, MSMEs can be more effective in managing production costs and setting competitive product prices. This application also helps in the simplification of financial statements and a better understanding of the company's financial

performance. This method also aids in better decision-making, more effective cost control, and simpler financial reporting. Thus, the *Variable Costing* method can be an effective tool for MSMEs in increasing their efficiency and profitability. This study supports the findings of a study by Sari and Syam [10] that found that employing the Variable Costing method to calculate production costs can assist businesses in doing so. This method distinguishes between fixed and variable costs, which are the costs associated with production and non-production. A study by Febriyanti et al. [11] claims that the Full Costing method is the most effective way to calculate production costs because it incorporates all cost components and divides them into each production unit.

The Impact of the Application of the Variable Costing Method on the Determination of the Selling Price of Rengginang 1 Putra MSME Products

The *Variable Costing* method separates *variable* costs and fixed costs. This allows Reengining 1 Putra MSMEs to be more accurate in calculating the cost of production per unit, because only variable costs *are* calculated to the product. Thus, Rengginang 1 Putra MSMEs can be more precise in setting product selling prices that are lower than those previously implemented. By applying the *Costing Variable method*, Rengginang 1 Putra MSMEs can increase control over production costs, and improve their ability to plan sustainable business growth strategies. The results of this research are also supported by research or research conducted by Rantung et al. [12] which states that by determining the selling price of the *Costing Variable method* including marketing and administrative costs and general, it is proven to be able to achieve the expected profit, besides that it is also useful in cost control, cost supervision and decision making.

Rengginang 1 Putra MSMEs' usage of the variable costing approach demonstrates how cost accounting theory may be applied to increase the precision of product selling price determination. This approach aids management in improving decision-making, establishing competitive selling prices, and

more successfully managing expenses. As a result, MSMEs may find that the variable costing approach is a useful tool for boosting profitability and cost effectiveness. The notion of cost accounting is crucial in assisting businesses in controlling expenses and setting product prices. A product's selling price can be significantly impacted by the use of the variable costing method, one of the cost accounting theory's strategies. The implementation of variable costing techniques, which have a big influence on how much a product is sold for, is based on cost accounting theory. By using the variable costing method, companies can determine more accurate selling prices, make better decisions, have price flexibility, and control costs more effectively. The application of this method also results in simpler and more informative financial reports. Therefore, variable costing methods can be an effective tool in improving cost efficiency and profitability of companies.

Differences in Selling Price Calculation Applied by Rengginang 1 Putra MSMEs with the Costing Variable Method

In the research on the application of the *Variable Costing* method for Rengginang 1 Putra MSMEs, the calculation of the selling price applied by the company by calculating all costs related to production costs including fixed costs and *variable costs*. In table 4.29, there is a difference between the calculations applied by Rengginang 1 Putra MSMEs, namely Rp. 231,753,881 divided by the number of products produced in 2023, 24,000 packs obtained Rp.9,656. 25%, which is to get a price of Rp. 12,070 per pack. Rengginang 1 Putra can use this method because it can still compete in the market price of MSMEs. Market price competition in micro businesses is getting tighter. But if Rengginang 1 Putra applies the *Variable Costing* method with a lower selling price rate than what Rengginang 1 Putra applied. in order for Rengginang 1 Putra's selling price to be competitive with pricing rates that are lower than those that were previously used. The Variable Costing Method only computes variable costs, which include labor, raw material, and variable factory overhead costs. These costs are

computed as the production cost of Rp 9,197 plus the applied selling price, resulting in a selling price of Rp 11,496. With a lower price difference of Rp. 574 or around 4.8% of the applicable price, it strengthens the researcher's statement that the current price takes into account the overall cost so that the price set is higher. To consider it, Rengginang 1 Putra can calculate using the *Variable Costing* method, namely by entering variable costs only.

The variable costing method's computation can reduce manufacturing costs and assist separate expenses. This is consistent with the view that separating variable costs from fixed costs improves the accuracy of the cost of production estimate [10]. where variables are the only factors considered in the variable costing method's computation. The variable costing method's use is consistent with cost accounting theory, which holds that expenses associated with a product that solely charges variable manufacturing costs are relevant [2].

The findings of this study are consistent with research Evan Giovanni et al. [13] that shows that items sold utilizing the variable costing approach have lower selling prices than those established by MSMEs. This study is also consistent with research by Febriyanti et al. [11], which claims that because the variable costing approach only accounts for variable expenses, it is less expensive than computing using full costing. Additionally, Darise et al. [14] contends that the variable costing approach just employs variable overhead expenses. Full Costing, on the other hand, employs both fixed and variable overhead costs.

5. CONCLUSION

Businesses may utilize cost factors to assist decide selling prices and earnings as well as to calculate the cost of manufacturing their goods. A cost variable is a production cost calculation that solely considers variable production costs, which include direct labor expenses, raw material prices, and variable factory overhead costs [2]. This method allows companies to compete in the product

market and recoup unreasonable costs. MSME management may safely manage and control production costs and set competitive product selling prices with the use of the cost accounting theory employed in this study. Compared to the Full Costing approach, the Variable Costing method offers a distinct viewpoint and is more dynamic when used to determine the selling price of items.

The results of the research on the application of determining the cost of production in Rengginang 1 Putra MSMEs using the *Variable Costing method* are influential in determining the cost of production which only includes variable costs. The application of the *Variable Costing* method can provide significant benefits for MSMEs such as Rengginang 1 Putra in determining a more accurate and competitive cost of production. The *Variable Costing* Method also allows Rengginang 1 Putra MSMEs to be more accurate in calculating the cost of production per unit, because only variable costs are calculated to the product. Thus, Rengginang 1 Putra MSMEs can be more precise in setting product selling prices that are lower than those previously implemented. The results of this study are with research conducted (Evan Giovanni et al. [13] which states that the selling price of products using the *Variable Costing* method is lower than the selling price set by MSMEs. This research is also in line with research that has been conducted by Febriyanti et al. [11] which states that the *Variable Costing* method is lower than the calculation using *Full Costing*, this happens because the *Variable Costing* method only includes variable costs.

After analyzing and evaluating the costing variable method on Rengginang 1 Putra MSMEs. So, the researcher can provide useful suggestions, namely for MSME business owners, Rengginang 1 Putra can continue to use the selling price that has been applied at the beginning because the calculation covers all costs, but if Rengginang 1 Putra uses the calculation of the selling price with the variable costing method, Rengginang 1 Putra gets a lower price so that it can increase buyer interest.

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