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COMPARATIVE ANALYSIS OF COST OF PRODUCTION CALCULATION USING FULL COSTING, VARIABLE COSTING, AND TARGET COSTING METHODS IN DETERMINING PRODUCT SELLING PRICES (Case Study: MSMEs in Gorontalo)

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Abstract

This study aims to analyze the comparison of the full cost, variable cost, and target cost methods in calculating the cost of production by MSMEs in Gorontalo, namely Martabak Ar Fachrul, Rolan Upia Karanji, and Taqim Meubel. This study uses a quantitative descriptive approach with primary and secondary data. Data analysis uses the full cost, variable cost, and target cost methods. The results show that each business has its own considerations in choosing the method that best suits its business conditions. Martabak Ar Fachrul and Taqim Meubel chose the full cost method because it covers all production costs, thus providing a more complete cost picture. Meanwhile, Rolan Upia Karanji used the target cost method because the selling price is adjusted to market conditions to remain competitive. The variable cost method was not chosen because it only covers variable costs, so it does not reflect the total production costs and is less appropriate for determining long-term selling prices.

Keywords: Cost of Production, Full Costing, Variable Costing, Target Costing, Selling Price Determination.

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

INTRODUCTION

MSMEs are short for Micro, Small, and Medium Enterprises. These are businesses run by individuals or small groups. MSMEs play a crucial role in driving a country's economy (Aqmal & Mattoasi, 2024). so they need to be well-managed to ensure they continue to make optimal contributions. To enhance this role, every organization must pay attention to aspects of business sustainability, including growth, development, and the implementation of strategies to maintain and expand the business (Djafar, *et al.*, 2025).

Table 1
Number of MSMEs in Gorontalo Province, City, and Regency

Year	Gorontalo Province	Gorontalo Regency	Gorontalo City
2022	81.042	30.027	14.507
2023	82.732	30.716	14.652
2024	105.509	38.328	20.319
2025	118.826	460.886	20.319

Source: Dinas Kumperindag Provinsi Gorontalo

Based on Table 1, which shows the number of MSMEs in Gorontalo Province, including Gorontalo Regency and Gorontalo City, there was growth from 2022 to 2025. However, in 2024–2025, the number of MSMEs at the provincial level remained unchanged, unlike in Gorontalo Regency, which experienced a significant increase, thus affecting the overall growth of MSMEs. According to Abas et al., (2025), the increase in the number of MSMEs does not always have a significant impact on economic growth because it is influenced by various other factors.

In an increasingly competitive business environment, particularly in the MSME sector, the ability to manage finances and set prices is crucial for business sustainability. One of the foundations for determining selling prices is accurate production cost calculations. However, many MSMEs still set prices based on estimates or follow market prices without considering all production costs, which can lead to losses (Melliana et al., 2025). This statement is supported by research by Yustitia & Adriansah (2022), which found that challenges in setting selling prices persist due to MSMEs' limited financial knowledge, such as in determining production costs.

In calculating the cost of production, several methods can be used, namely full costing, variable costing, and target costing. Each approach has different

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

advantages and purposes in determining production costs. Full costing provides a more comprehensive calculation by including all production costs, both fixed and variable; variable costing focuses on variable production costs; and target costing is market-oriented, aiming to reduce production costs to match the selling price and predetermined profit. Therefore, each method has its strengths and weaknesses, and this study compares the three methods to identify the most suitable approach for the businesses Martabak Ar Fachrul, Ronal Upia Karanji, and Taqim Meubel.

The selection of these three businesses is based on the fact that they share the same problem, namely the lack of a structured and systematic production costing system. Furthermore, this choice is motivated by the researcher's intention to compare the application of full costing, variable costing, and target costing methods in various types of MSMEs: Martabak Ar Fachrul represents the culinary sector, Upia Karanji represents the fashion sector, and Taqim Meubel represents the handicraft sector. Thus, this study is expected to provide an overview of which method is most effective and appropriate to the characteristics of each business.

Seeing how important the calculation of production costs is in determining the selling price, researchers are very interested in conducting research with the title, "**comparative analysis of cost of production calculation using full costing, variable costing, and target costing methods in determining product selling prices** (case study: MSMEs in Gorontalo)".

LITERATURE REVIEW

Cost Accounting Definition

According to Imron, (2021) cost accounting is a process of recording, classifying, and reporting production costs, which include raw material costs, labor costs, and manufacturing overhead costs collected from each responsible department. Cost accounting can also be defined as a series of activities that involve the process of identifying, classifying, measuring, reporting, and analyzing various cost components, both direct and indirect costs, related to production and marketing activities. Based on this definition, the input in cost accounting is cost data that are grouped into direct costs and indirect costs, in accordance with the cost concepts used in determining the cost of a cost object. Meanwhile, the output of cost accounting is information about the cost or cost of a particular cost object.

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Management Accounting Definition

Management accounting is a reporting system that produces financial information intended for internal company stakeholders, particularly management, as a basis for decision-making. Management accounting information is essential and utilized at all levels of management. This information assists managers in carrying out planning, controlling, and decision-making functions. Furthermore, managers and employees use management accounting information as a basis for identifying and resolving problems and assessing performance. (Faisal & Astuti, 2022).

Cost of Production

Brahim, (2021) Basically, the cost of prodaction describes the total costs incurred to produce a product, whether in the form of goods or services, in a certain accounting period. Thus, the cost of goods manufactured is one component of the total cost of goods manufactured. According to Sulistyowati et al., (2020), the cost of goods manufactured is the total production cost obtained from the sum of three main elements: raw material costs, direct labor costs, and factory overhead costs.

Full Costing, Variable Costing, and Target Costing Methods

Faisal & Astuti (2022) In the full costing method, all factory overhead costs, both fixed and variable, are allocated to products based on predetermined rates at normal capacity levels or based on actual factory overhead costs.

Muliati, et al., (2024) Variable costing is a method of determining production costs that only includes variable production costs in the calculation, including raw material costs, direct labor costs, and variable factory overhead costs.

Suratminingsih et al., (2024) Target costing is a cost management method that focuses on the market, where the selling price of a product is determined based on the prevailing market price, taking into account the level of profit the company wants to achieve.

Determining the Selling Price

Santoso, et al., (2023) The selling price is the total cost a company incurs in producing a product or service, plus a desired profit percentage. One way to attract consumers is to set the right price for the product being offered.

RESEARCH METHOD

This type of research is quantitative descriptive. According to Sugiyono (2023), quantitative descriptive research is descriptive in nature, meaning it describes or

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

captures what happens to the object being studied, without the intention of drawing general conclusions or generalizations.

This research uses a case study approach, focusing on only three objects of study. This provides readers with a deeper understanding of the context and conditions influencing the phenomenon being studied (Setiatin et al., 2025). Therefore, the results, findings, and conclusions of this study apply specifically to the objects that are the focus of the study.

The data types and sources are primary and secondary. Primary data was collected through direct interviews with business owners and employees of each MSME, while secondary data was obtained from records of daily product sales and raw material costs, direct labor costs, and factory overhead costs. The data analysis techniques used in this study were full costing, variable costing, and target costing.

RESULTS AND DISCUSSION

Product Identification

Table 2
Production Amount of Each Business

No.	Product Type	Monthly Production
Martabak Ar Fachrul		
1.	Special Malabar with 3 Chicken Eggs	621
2.	Special Terang Bulan with Cheese, Chocolate, and Milk	345
3.	Terang Bulan Crispy Special with Chocolate and Milk	253
4.	Other Products	1.081
Total		**2.300**
Rolan Upia Karanji		
5.	Upia Standard	4
6.	Upia Semi Premium	4
7.	Upia Premium	2
8.	Upia Exclusive	2
Total		**12**
Taqim Meubel		
9.	Sharini bens 311 sofa	3

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

10.	Leonardo 321 sofa	3
11.	Other Products	7
Total		**13**

Data source processed 2026

Table 2 shows the production volume of each product from the three businesses. This production volume will serve as the basis for allocating costs to each product using the cost allocation base.

Cost Identification

1. Raw material costs

Table 3
Allocation of Raw Material Costs for Ar Fachrul's Martabak

No	Raw Material	Daily Usage	Estimated Monthly Usage	Unit Price (Rp)	Total (Rp)	Cost Allocation		
						Special with Cheese, Chocolate, and Milk (Rp)	Crispy Special with Chocolate and Milk (Rp)	Special Malabar with 3 Chicken Eggs (Rp)
1	Red badge flour	12,5 pk	325 pk	7.600	2.470.000	370.500	271.700	-
2	Sugar	2 kg	52 kg	17.500	910.000	136.500	100.100	-
3	Butter	1 kg	26 kg	28.000	728.000	109.200	80.080	-
4	Vanilla	1 btl	26 btl	4.000	104.000	15.600	11.440	-
5	Alfagel	0,5 kg	13 kg	40.000	520.000	78.000	57.200	-
6	Pandan leaves	1 bdl	26 bdl	10.000	260.000	39.000	28.600	

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

7	Flavor enhancer	1 btl	26 btl	10.000	260.000	39.000	28.600	-
8	Baking powder	1 btl	26 btl	4.000	104.000	15.600	11.440	-
9	Baking soda	1 pk	26 pk	4.000	104.000	15.600	11.440	-
10	Eggs	16 gr	416 gr	2.167	901.472	135.221	99.162	-
	Eggs	150 gr	3.900 gr	2.167	8.451.300	-	-	2.281.851
11	White milk	8 cn	208 cn	15.000	3.120.000	468.000	-	-
12	Chocolate milk	10 cn	260 cn	15.000	3.900.000	585.000	429.000	-
13	Chocolate sprinkles	2 bx	52 bx	130.000	6.760.000	1.014.000	743.600	-
14	Cheese	0,5 kg	13 kg	116.000	1.508.000	226.200	165.880	-
15	Blue band	1 kg	26 kg	28.000	728.000	109.200	80.080	-
16	Yeast	1 pk	26 pk	7.000	182.000	27.300	20.020	-
17	Blue Triangle flour	12 kg	312 kg	12.083	3.769.896	-	-	1.017.872
19	Coconut oil	38,46 ml	1.000 ml	20	20.000	-	-	5.400
20	Holland vinegar	22 ml	572 ml	63,63	36.400	-	-	9.828
21	Beef	1 kg	26 kg	140.000	3.640.000	-	-	982.800
22	Scallions	3 bdl	78 bdl	13.333	1.040.000	-	-	280.800
Total					**39.517.068**	**3.383.921**	**2.138.342**	**4.578.551**

Data source processed 2026

Based on the table above, cost allocation is based on a cost allocation base. A cost allocation base is the process of determining and allocating costs to specific objects, such as products, so that these costs can be accurately identified (Pamungkas, 2023). A cost allocation base is a structured method used to link direct and indirect costs to cost objects (Putri, 2025). In conventional cost accounting, a cost allocation base is used as the basis for determining cost allocations by utilizing cost drivers such as total labor hours, direct labor costs, machine hours, and the number of units produced (Safri, 2018).

As an example, the direct cost of Red Badge wheat flour used to produce Martabak Ar-Fachrul products is Rp2.470.000 per month, with a production

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

volume of 2.300 units. The cost allocation base is calculated as (Rp2.470.000 ÷ 2.300 = Rp1.073.913). Based on this calculation, the number of units produced serves as the cost allocation base.

Based on the cost allocation calculation above, it is known that the raw material cost of red badge wheat flour for 1 unit of product is Rp1.073.913 then to find out the raw material load for each martabak product (cost object), then the cost per unit is multiplied by the production level of each product, so for the special terang bulan cheese chocolate milk product (Rp1.073.913 × 345 = Rp370.500) and for the special crispy terang bulan product crispy chocolate milk product (Rp1.073.913 × 253 = Rp271.700). This allocation calculation can be used as a reference for charging other raw material costs.

Overall, the total cost of raw materials for Martabak Ar-Fachrul in one month is Rp39.517.068, which is allocated including Rp3.383.921 for special cheese chocolate milk martabak, Rp2.138.342 for special crispy chocolate milk martabak, Rp4.578.551 for special Malabar 3 chicken eggs, and the remaining Rp29.416.254 for other products.

Table 4 Allocation of Raw Material Costs for Rolan Upia Karanji

No	Raw Material	Usage per Product	Estimated Monthly Usage	Unit Price (Rp)	Total (Rp)	Cost Allocation			
						Standard (Rp)	Semi Premium (Rp)	Premium (Rp)	Exclusive (Rp)
1	Rattan	0,25	1, 1, 0,5, 0,5	20.000	60.000	20.000	20.000	10.000	10.000
2	Mintu	4, 5, 15, & 16	16, 20, 30, 32	400	39.200	6.400	8.000	12.000	12.800
Total					**99.200**	**26.400**	**28.000**	**22.000**	**22.800**

Data source processed 2026

Based on the table above, it can be seen that the estimated monthly use of each raw material is not summed all at once. This is intended to facilitate direct cost tracing using the direct tracing method. The direct tracing method is a cost tracing approach in which direct costs can be easily and accurately traced to cost objects (Riwayadi, 2017). For example, the cost of raw materials purchased can usually be directly charged to the units of product produced (Ruiz, 2023).

The implementation of this method in cost allocation at Rolan Upia Karanji can be seen in the production of standard upia and premium upia, which require 1 stick of rattan with a unit price of Rp20.000, so the calculation is (Rp20.000 × 1 = Rp20.000). This calculation can be used as a reference for allocating raw material costs to other products.

MJIFM | MAJAPAHIT JOURNAL OF ISLAMIC FINANCE AND MANAGEMENT

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Referring again to Table 4.6, the total raw material cost incurred by Rolan Upia Karanji in one month is Rp99.200. Of this amount, Rp26.400 is allocated to standard upia, Rp28.000 to semi-premium upia, Rp22.000 to premium upia, and Rp22.800 to exclusive upia.

Table 5
Allocation of Raw Material Costs for Taqim Meubel

No	Raw Material	Usage per Product		Estimated Monthly Usage		Unit Price (Rp)	Total (Rp)	Cost Allocation	
		Sahrini	Leonardo	Sahrini	Leonardo			Sahrini (Rp)	Leonardo (Rp)
1	Fabric	25 m	24 m	75 m	72 m	50.000	7.350.000	3.750.000	3.600.000
No	Raw Material	Usage per Product		Estimated Monthly Usage		Unit Price (Rp)	Total (Rp)	Cost Allocation	
		Sahrini	Leonardo	Sahrini	Leonardo			Sahrini (Rp)	Leonardo (Rp)
2	Delux 5 cm	1 sh	1 sh	3 sh	3 sh	310.000	1.860.000	930.000	930.000
3	Super red 3 cm	2,5 sh	3 sh	7,5 sh	9 sh	158.400	2.613.600	1.188.000	1.425.600
4	Standard 1 cm	1,5 sh	0,25 sh	4,5 sh	0,75 sh	39.000	204.750	175.500	29.250
5	Standard 2 cm	0,5 sh	0,5 sh	1,5 sh	1,5 sh	78.600	235.800	117.900	117.900
6	Standard 3 cm	0,5 sh	1 sh	1,5 sh	3 sh	117.900	530.550	176.850	353.700
7	Standard 4 cm	1 sh	1,5 sh	3 sh	4,5 sh	211.200	1.584.000	633.600	950.400
8	Rubber	1 bdl	1 bdl	3 bdl	3 bdl	50.000	300.000	150.000	150.000
9	Button	111 pcs	350 pcs	333 pcs	1.050 pcs	1.000	1.383.000	333.000	1.050.000
10	Wick	0,5 rl	0,5 rl	1,5 rl	1,5 rl	14.000	42.000	21.000	21.000
11	Zipper	2 pcs	6 pcs	6 pcs	18 pcs	4.000	96.000	24.000	72.000
12	Sewing thread	1 pc	1 pc	3 pcs	3 pcs	15.000	90.000	45.000	45.000
13	Drawstring thread	1 pc	4 pcs	3 pcs	12 pcs	15.000	225.000	45.000	180.000
14	Base fabric	4 m	3 m	12 m	9 m	8.000	168.000	96.000	72.000
15	Spring	32 pcs	24 pcs	96 pcs	72 pcs	1.000	168.000	96.000	72.000
16	Staple pins	1,5 pcs	2 pcs	4,5 pcs	6 pcs	25.000	262.500	112.500	150.000
17	Glue	0,5 pc	0,5 pc	1,5 pcs	1,5 pcs	175.000	525.000	262.500	262.500
18	Pin nails	0,5 pc	-	1,5 pcs	-	35.000	52.500	52.500	-
19	Carton	1 pc	1 pc	3 pcs	3 pcs	30.000	180.000	90.000	90.000
20	Table legs	8 pcs	8 pcs	24 pcs	24 pcs	7.000	336.000	168.000	168.000
21	Gold cord	-	13	-	39	30.000	1.170.000	-	1.170.000
22	Gold ribbon	-	2 m	-	6 m	155.584	933.504	-	933.504
23	Plywood	-	2 sh	-	6 sh	50.000	300.000	-	300.000
24	Gold legs	-	12 pcs	-	36 pcs	70.667	2.544.000	-	2.544.000
25	Sahrini frame	1 pc	-	3 pcs	-	850.000	2.550.000	2.550.000	-
	Leonardo frame	-	1 pc	-	3 pcs	700.000	2.100.000	-	2.100.000
26	Glass	1 pc	1 pc	3 pcs	3 pcs	135.000	810.000	405.000	405.000
Total							**28.614.204**	**11.782.350**	**17.371.854**

Data source processed 2026

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Referring to the table above, the allocation base or cost assignment applied to allocate raw material costs in this business uses the direct tracing method, similar to the raw material cost allocation used in Rolan Upia Karanji. Based on this, the total raw material cost incurred by Taqim Meubel in one month is Rp29.154.204. Of this amount, Rp11.782.350 is allocated to the Sahrini sofa, while Rp17.371.854 is allocated to the Leonardo sofa.

2. Direct labor costs

Table 6
Allocation of Direct Labor Costs for Martabak Ar-Fachrul

No	Product Type	Number of Employees		Monthly Wages (Rp)	Monthly Production Units	Total (Rp)	Allocated Direct Labor Costs (Rp)
		Employees	Wage per Day (Rp)				
1	Special Malabar with 3 Chicken Eggs	1	50.000	1.300.000	621		3.229.200
2	Special Terang Bulan with Cheese, Chocolate, and Milk	1	80.000	2.080.000	345		1.794.000
No	**Product Type**	**Number of Employees**		**Monthly Wages (Rp)**	**Monthly Production Units**	**Total (Rp)**	**Allocated Direct Labor Costs (Rp)**
		Employees	**Wage per Day (Rp)**				
3	Terang Bulan Crispy Special with Chocolate and Milk	2	65.000	3.380.000	253		1.315.600
4	Other Products	2	100.000	5.200.000	1.081		5.621.200
Total		**6**	**295.000**	**11.960.000**	**100%**		**11.960.000**

Data source processed 2026

Table 7
Allocation of Direct Labor Costs of Rolan Upia Karanji

No	Product Type	Number of Employees	Monthly Wages (Rp)	Total (Rp)	Direct Labor Cost Allocation		Allocated Direct Labor Costs (Rp)
					Cost Allocation per Product	Monthly Production Units	
1	Upia standard	2	1.000.000	2.000.000	35.000/Product	4	280.000
2	Upia semi premium				70.000/Product	4	560.000
3	Upia premium				120.000/Product	2	480.000
4	Upia exclusive				170.000/Product	2	680.000
Total						**12**	**2.000.000**

Data source processed 2026

MJIFM | MAJAPAHIT JOURNAL OF ISLAMIC FINANCE AND MANAGEMENT
Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Table 8
Allocation of Direct Labor Costs for Taqim Meubel

No	Product Type	Number of Employees	Monthly Wages (Rp)	Total (Rp)	Monthly Production Units	Allocated Direct Labor Costs (Rp)
1	Sharini bens 311 sofa	8	3.000.000	24.000.000	3	5.538.461,5
2	Leonardo 321 sofa				3	5.538.461,5
3	Other Products				7	12.923.077
Total					**13**	**24.000.000**

Data source processed 2026

As shown in Tables 6, 7, and 8, which present the allocation of direct labor costs in the three businesses, Martabak Ar Fachrul and Taqim Meubel use a cost allocation base, with the total production units serving as the basis for allocation.

3. Factory Overhead Costs

1) Indirect material costs

Table 9
Indirect Material Costs of Martabak Ar-Fachrul

No	Indirect Materials	Estimated Monthly Usage	Unit Price (Rp)	Total (Rp)	Cost Allocation		
					Special with Cheese, Chocolate, and Milk (Rp)	Crispy Special with Chocolate and Milk (Rp)	Special Malabar with 3 Chicken Eggs (Rp)
1	Salt	500 g	10	5.000	-	-	1.350
2	Water gallon for martabak dough	13 btl	5.000	65.000	9.750	7.150	-
3	Water gallon for Malabar dough	4,33 btl	5.000	21.650	-	-	5.845
4	Ajinomoto	250 g	36	9.000	-	-	2.430
5	Packaging	6.500 pcs	2.000	13.000.000	1.950.000	1.430.000	3.510.000
No	**Indirect Materials**	**Estimated Monthly Usage**	**Unit Price (Rp)**	**Total (Rp)**	**Cost Allocation**		
					Special with Cheese, Chocolate,	**Crispy Special with Chocolate**	**Special Malabar with 3 Chicken Eggs (Rp)**

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

					and Milk (Rp)	and Milk (Rp)	
6	Gas 3 kg	52	20.000	1.040.000	156.000	114.400	-
7	Gas 9 kg	13	115.000	1.495.000	-	-	403.650
8	Rice paper	1.000	96	96.000	14.400	10.560	25.920
Total					**2.130.150**	**1.562.110**	**3.949.195**

Data source processed 2026

Table 10
Indirect Material Costs Rolan Upia Karanji

No	Indirect Materials	Estimated duration of use	Unit Price (Rp)	Total (Rp)	Cost Allocation			
					Upia standard (Rp)	Upia semi premium (Rp)	Upia premium (Rp)	Upia exclusive (Rp)
1	Paper bag	12 pcs	1.667	20.000	6.667	6.667	3.333	3.333
2	Centimeter	30	167	5.000	1.667	1.667	833	833
3	Sticker	24 pcs	125	3.000	1.000	1.000	500	500
4	Marker	30	222	6.660	-	-	3.330	3.330
Total					**9.334**	**9.334**	**7.996**	**7.996**

Data source processed 2026

Table 11
Indirect Material Costs Taqim Meubel

No	Indirect Materials	Estimated Monthly Usage		Unit Price (Rp)	Total (Rp)	Cost Allocation	
		Sharini	Leonardo			Sahrini bens 311 Sofa (Rp)	Leonardo 321 Sofa (Rp)
1	Paint	3	3	55.000	330.000	165.000	165.000
2	Elastic	3	3	5.000	30.000	15.000	15.000
3	Plastic	1,5	-	30.000	45.000	45.000	-
Total						**225.000**	**180.000**

Data source processed 2026

Referring to Tables 9, 10, and 11, it shows the allocation of indirect material costs for each business. Martabak Ar Fachrul and Rolan Upia Karanji use the cost allocation base with total production units as the allocation basis, while Taqim Meubel uses the direct tracing method.

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

2) Utility cost

Table 12
Utility Cost

No	Product Type	Utility Cost Allocation Base	Allocated Cost (Rp)
Martabak Ar Fachrul			
1	Special malabar with 3 chicken eggs	621	29.700
2	Special terang bulan with cheese, chocolate, and milk	345	16.500
3	Terang bulan crispy special with chocolate and milk	253	12.100
4	Other products	1.081	51.700
Total		**2.300**	**110.000**
No	**Product Type**	**Utility Cost Allocation Base**	**Allocated Cost (Rp)**
Rolan Upia Karanji			
5	Upia standard	4	21.667
6	Upia semi premium	4	21.667
7	Upia premium	2	10.833
8	Upia exclusive	2	10.833
Total		**12**	**65.000**
Taqim Meubel			
9	Sharini bens 311 sofa	3	348.461,5
10	Leonardo 321 sofa	3	348.461,5
11	Other products	7	813.077
Total		**13**	**1.510.000**

Data source processed 2026

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

As shown in Table 12, which presents the allocation of utility costs to the three businesses using a cost allocation base with total production units as the allocation basis.

3) Vehicle maintenance costs

Table 13
Vehicle Maintenance Costs Martabak Ar-Fachrul

No	Product Type	Allocation Basis	Allocated Cost (Rp)
Martabak Ar Fachrul			
1	Special malabar with 3 chicken eggs	621	14.850
2	Special terang bulan with cheese, chocolate, and milk	345	8.250
3	Terang bulan crispy special with chocolate and milk	253	6.050
4	Other products	1.081	25.850
Total		**2.300**	**55.000**
Rolan Upia Karanji			
No	**Product Type**	**Allocation Basis**	**Allocated Cost (Rp)**
5	Upia Standard	4	18.333
6	Upia semi premium	4	18.333
7	Upia premium	2	9.167
8	Upia exclusive	2	9.167
Total		**12**	**55.000**
Taqim Meubel			
9	Sharini bens 311 sofa	3	207.692
10	Leonardo 321 sofa	3	207.692
11	Other products	7	484.615
Total		**13**	**900.000**

Data source processed 2026

Based on Table 13, which presents the vehicle maintenance costs for the three businesses, the cost allocation uses the cost allocation base with total production units as the allocation basis.

MJIFM | MAJAPAHIT JOURNAL OF ISLAMIC FINANCE AND MANAGEMENT
Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

4) Equipment depreciation cost

Table 14
Equipment Depreciation Cost Martabak Ar Fachrul

Product Type	Cart (Rp)	Rinnai Stove (Rp)	Rinnai Stove (Rp)	Tecstar Stove (Rp)	Furnace (Rp)	Pan (Rp)	Total (Rp)
Special malabar with 3 chicken eggs	112.500,09	1.687,5	1.518,75	1.012,5	3.375	3.375	**123.468,84**
Special terang bulan with cheese, chocolate, and milk	62.500,05	937,5	843,75	562,5	1.875	1.875	**68.593,8**
Terang bulan crispy special with chocolate and milk	45.833,37	687,5	618,75	412,5	1.375	1.375	**50.302 ,12**
Other products	195.833,49	2.937,5	2.643,75	1.762,5	5.875	5.875	**214.927,24**
Total (Rp)	**416.667**	**6.250**	**5.625**	**3.750**	**12.500**	**12.500**	**457.292**

Data source processed 2026

Table 15
Equipment Depreciation Cost Taqim Meubel

Product Type	Compressor (Rp)	Sewing Machine (Rp)	Staples (Rp)	Drill (Rp)	Total (Rp)
Sharini bens 311 sofa	28.846,15	10.817,31	4.807,62	3.605,77	**48.076,85**
Leonardo 321 sofa	28.846,15	10.817,31	4.807,62	3.605,77	**48.076,85**
Other products	67.307,70	25.240,38	11.217,76	8.413,46	**112.179,3**
Total	**125.000**	**46.875**	**20.833**	**15.625**	**208.333**

Data source processed 2026

As shown in Tables 14 and 15, the equipment depreciation costs for Martabak Ar Fachrul and Taqim Meubel are allocated using the cost allocation base, with total production units as the allocation basis.

5) Vehicle depreciation costs

Table 16
Vehicle Depreciation Costs Martabak Ar Fachrul and Rolan Upia Karanji

Product Type	Motor (Rp)

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Martabak Ar Fachrul	
Special malabar with 3 chicken eggs	118.125
Special terang bulan with cheese, chocolate, and milk	65.625
Terang bulan crispy special with chocolate and milk	48.125
Other products	205.625
Total	**437.500**
Rolan Upia Karanji	
Upia Standard	138.889
Upia semi premium	138.889
Upia premium	69.444,5
Upia exclusive	69.444,5

Data source processed 2026

Table 17
Vehicle Depreciation Costs Taqim Meubel

Product Type	Pick Up (Rp)	Truck (Rp)	Total (Rp)
Sharini bens 311 sofa	60.096	721.153,85	**781.249,85**
Leonardo 321 sofa	60.096	721.153,85	**781.249,85**
Product Type	**Pick Up (Rp)**	**Truck (Rp)**	**Total (Rp)**
Other products	140.224	1.682.692,30	**1.822.916,3**
Total	**260.416**	**3.125.000**	**3.385.416**

Data source processed 2026

As shown in Tables 16 and 17, which present the vehicle depreciation costs for the three businesses, the costs are allocated using the cost allocation base with total production units as the allocation basis.

Cost of Production Calculation Method Using the Full Costing Method

Table 18
Cost of Production Calculation Using the Full Costing Method for Martabak Ar Fachrul

Description	Special malabar with 3 chicken eggs (Rp)	Special terang bulan with cheese, chocolate, and milk (Rp)	Terang bulan crispy special with chocolate and milk (Rp)
Raw material cost	4.578.551	3.383.921	2.138.342

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Total raw material cost	**4.578.551**	**3.383.921**	**2.138.342**
Direct labor cost	3.229.200	1.794.000	1.315.600
Total direct labor cost	**3.229.200**	**1.794.000**	**1.315.600**
Factory overhead cost			
Variable Cost of Goods Sold			
Indirect materials	3.949.195	2.130.150	1.562.110
Utility cost	29.700	16.500	12.100
Vehicle maintenance cost	14.850	8.250	6.050
Fixed Cost of Goods Sold			
Vehicle depreciation cost	118.125	65.625	48.125
Equipment depreciation cost	123.468,84	68.593,8	50.302,12
Total factory overhead cost	**4.235.338,84**	**2.289.118,8**	**1.678.687,12**
Cost of Production	**12.043.089,84**	**7.467.039,8**	**5.132.629,12**
Monthly Production	**621**	**345**	**253**
Cost of Production per Unit	**19.393**	**21.643**	**20.287**

Data source processed 2026

Table 19
Cost of Production Calculation Using the Full Costing Method for Rolan Upia Karanji

Description	Upia Standard (Rp)	Upia Semi Premium (Rp)	Upia Premium (Rp)	Upia Exclusive (Rp)
Raw material cost	26.400	28.000	22.000	22.800
Total raw material cost	**26.400**	**28.000**	**22.000**	**22.800**
Direct labor cost	280.000	560.000	480.000	680.000
Total direct labor cost	**280.000**	**560.000**	**480.000**	**680.000**

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Factory overhead cost				
Description	**Upia Standard (Rp)**	**Upia Semi Premium (Rp)**	**Upia Premium (Rp)**	**Upia Exclusive (Rp)**
Variable Cost of Goods Sold				
Indirect materials	9.334	9.334	7.996	7.996
Utility cost	21.667	21.667	10.833	10.833
Vehicle maintenance cost	18.333	18.333	9.167	9.167
Fixed Cost of Goods Sold				
Vehicle depreciation cost	138.889	138.889	69.444,5	69.444,5
Equipment depreciation cost	-	-	-	-
Total factory overhead cost	**188.223**	**188.223**	**97.440,5**	**97.440,5**
Cost of Production	**494.623**	**776.223**	**599.440,5**	**800.240,5**
Monthly Production	**4**	**4**	**2**	**2**
Cost of Production per Unit	**123.656**	**194.056**	**299.720**	**400.120**

Data source processed 2026

Table 20
Cost of Production Calculation Using the Full Costing Method for Taqim Meubel

Description	**Sharini Bens 311 Sofa (Rp)**	**Leonardo 321 Sofa (Rp)**
Raw material cost	11.782.350	17.371.854
Total raw material cost	**11.782.350**	**17.371.854**
Direct labor cost	5.538.461,5	5.538.461,5
Total direct labor cost	**5.538.461,5**	**5.538.461,5**
Factory overhead cost		

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Variable Cost of Goods Sold		
Indirect materials	225.000	180.000
Utility cost	348.461,5	348.461,5
Vehicle maintenance cost	207.692	207.692
Fixed Cost of Goods Sold		
Vehicle depreciation cost	781.249,85	781.249,85
Equipment depreciation cost	48.076,85	48.076,85
Total factory overhead cost	**1.610.480**	**1.565.480**
Cost of Production	**18.931.292**	**24.475.796**
Monthly Production	**3**	**3**
Cost of Production per Unit	**6.310.431**	**8.158.599**

Data source processed 2026

After the cost of production using the full costing method has been determined for Martabak Ar Fachrul, Rolan Upia Karanji, and Taqim Meubel, the next step is to set the selling price by adding the cost of production per unit with the profit percentage desired by each MSME. The formula for determining the selling price is as follows:

Figure 1
Formula For Determining Selling Price

Selling Price = Total Cost per Unit + Markup per Unit

Source: Dian et al., (2019)

From this formula, the selling price of the product is obtained for each business. For Martabak Ar Fachrul (desired profit 35%), the selling price of the special malabar with 3 chicken eggs is Rp26.181, the special terang bulan with cheese and milk chocolate is Rp29.218, and the special crispy terang bulan with dry milk chocolate is Rp27.387. For Rolan Upia Karanji (desired profit 35%), the

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

selling price is Rp166.936 for the standard upia, Rp261.976 for the semi-premium upia, Rp404.622 for the premium upia, and Rp540.162 for the exclusive upia. Meanwhile, for Taqim Meubel (desired profit 15%), the selling price is Rp7.256.996 for the Sharini Bens sofa and Rp9.382.389 for the Leonardo sofa.

Cost of Production Calculation Method Using the Variabel Costing Method

Table 21 Cost of Production Calculation Using the Variable Costing Method for Martabak Ar Fachrul

Description	Special malabar with 3 chicken eggs (Rp)	Special terang bulan with cheese, chocolate, and milk (Rp)	Terang bulan crispy special with chocolate and milk (Rp)
Raw material cost	4.578.551	3.383.921	2.138.342
Total raw material cost	**4.578.551**	**3.383.921**	**2.138.342**
Direct labor cost	3.229.200	1.794.000	1.315.600
Total direct labor cost	**3.229.200**	**1.794.000**	**1.315.600**
Factory overhead cost			
Variable Cost of Goods Sold			
Indirect materials	3.949.195	2.130.150	1.562.110
Utility cost	29.700	16.500	12.100
Vehicle maintenance cost	14.850	8.250	6.050
Fixed Cost of Goods Sold			
Vehicle depreciation cost	-	-	-
Equipment depreciation cost	-	-	-
Total factory overhead cost	**3.993.745**	**2.154.900**	**1.580.260**
Cost of Production	**11.801.496**	**7.332.821**	**5.034.202**
Monthly Production	**621**	**345**	**253**
Cost of Production per Unit	**19.004**	**21.254**	**19.898**

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Data source processed 2026

Table 22
Cost of Production Calculation Using the Variable Costing Method for Rolan Upia Karanji

Description	Upia Standard (Rp)	Upia Semi Premium (Rp)	Upia Premium (Rp)	Upia Exclusive (Rp)
Raw material cost	26.400	28.000	22.000	22.800
Total raw material cost	**26.400**	**28.000**	**22.000**	**22.800**
Direct labor cost	280.000	560.000	480.000	680.000
Total direct labor cost	**280.000**	**560.000**	**480.000**	**680.000**
Factory overhead cost				
Variable Cost of Goods Sold				
Indirect materials	9.334	9.334	7.996	7.996
Utility cost	21.667	21.667	10.833	10.833
Vehicle maintenance cost	18.333	18.333	9.167	9.167
Fixed Cost of Goods Sold				
Vehicle depreciation cost	-	-	-	-
Equipment depreciation cost	-	-	-	-
Total factory overhead cost	**49.334**	**49.334**	**27.996**	**27.996**
Cost of Production	**355.743**	**637.334**	**529.996**	**730.796**
Monthly Production	**4**	**4**	**2**	**2**
Cost of Production per Unit	**88.934**	**159.334**	**264.998**	**365.398**

Data source processed 2026

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Table 23
Cost of Production Calculation Using the Variable Costing Method for Taqim Meubel

Description	Sofa Sharini Bens 311 (Rp)	Sofa Leonardo 321 (Rp)
Raw material cost	11.782.350	17.371.854
Total raw material cost	**11.782.350**	**17.371.854**
Direct labor cost	5.538.461,5	5.538.461,5
Total direct labor cost	**5.538.461,5**	**5.538.461,5**
Factory overhead cost		
Variable Cost of Goods Sold		
Indirect materials	225.000	180.000
Utility cost	348.461,5	348.461,5
Vehicle maintenance cost	207.692	207.692
Fixed Cost of Goods Sold		
Vehicle depreciation cost	-	-
Equipment depreciation cost	-	-
Total factory overhead cost	**781.153,5**	**736.153,5**
Cost of Production	**18.101.965**	**23.646.469**
Monthly Production	**3**	**3**
Cost of Production per Unit	**6.033.988**	**7.882.156**

Data source processed 2026

After the production costs using the variable cost method are determined, the next step is to set the selling price by adding the production cost per unit with the desired profit percentage of each MSME. For Martabak Ar Fachrul (desired profit 35%), the selling price is Rp25.655 for the special malabar martabak with 3 chicken

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

eggs, Rp28.693 for the special terang bulan with cheese and milk chocolate, and Rp26.862 for the special crispy terang bulan with crispy and milk chocolate. For Rolan Upia Karanji (desired profit 35%), the selling price is Rp120.061 for the standard upia, Rp215.101 for the semi-premium upia, Rp357.747 for the premium upia, and Rp493.287 for the exclusive upia. Meanwhile, for Taqim Meubel (desired profit 15%), the selling price is Rp6.939.086 for the Sharini Bens 311 sofa and Rp9.064.479 for the Leonardo 321 sofa.

Cost of Production Calculation Method Using the Target Costing Method

Target costing is a method of determining production costs based on the selling price acceptable to the market and the desired profit. The following are the steps that businesses can implement to determine the cost of production using the target costing method.

1. Determine the market selling price

Market price determination uses the competition-based pricing method, which is a pricing strategy that uses competitors' prices as the main consideration. This method is implemented through going-rate pricing (setting the selling price equal to the competitor's price) (Gracella & Sufiyati, 2024). The following presents the market price list based on competition-based pricing for each product of each business.

Table 24
Market Prices

Product Type	Price (Rp)
Martabak Ar Fachrul	
Special malabar with 3 chicken eggs	25.000
Special terang bulan with cheese, chocolate, and milk	28.000
Terang bulan crispy special with chocolate and milk	26.000
Rolan Upia Karanji	
Upia standard	150.000
Upia semi premium	250.000
Upia premium	400.000
Upia eksclusive	550.000
Taqim Meubel	
Sharini bens 311 sofa	7.750.000
Leonardo 321 sofa	10.000.000

Data source processed 2026

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

2. Determining the Target Profit

Target profit is the amount of profit a company aims to earn from each product sold. The set profit should be realistic, able to cover operational costs, and provide a gain for the company. The following are the desired profits for each product. The following is the desired profit for each product by each MSME.

Tabel 25
Target Profit

Product Type	Target Profit
Martabak Ar Fachrul	
Special malabar with 3 chicken eggs	35%
Special terang bulan with cheese, chocolate, and milk	35%
Terang bulan crispy special with chocolate and milk	35%
Rolan Upia Karanji	
Upia standard	35%
Upia semi premium	35%
Upia premium	35%
Upia eksclusive	35%
Taqim Meubel	
Sharini bens 311 sofa	15%
Leonardo 321 sofa	15%

Data source processed 2026

3. Calculating target cost

The target cost is obtained from the following formula:

Figure 2
Target Costing Formula

Target Cost = Target Selling Price − Target Profit

Source: Riwayadi (2017)

1) Calculation of target cost for special Malabar with 3 chicken eggs

Target cost = Rp25.000 – 35%
Per product = Rp16.250
Per month = Rp16.250 × 621 = Rp10.091.250

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

2) Calculation of target cost for special special terang bulan with cheese, chocolate, and milk
   Target cost = Rp28.000 – 35%
   Per product = Rp18.200
   Per month = Rp18.200 × 345 = Rp6.279.000
3) Calculation of target cost for special terang bulan crispy special with chocolate and milk
   Target cost = Rp26.000 – 35%
   Per product = Rp16.900
   Per month = Rp16.900 × 253 = Rp4.275.700
4) Calculation of target cost for upia standad
   Target cost = Rp150.000 – 35%
   Per product = Rp97.500
   Per month = Rp97.500 × 4 = Rp390.000
5) Calculation of target cost for semi premium
   Target cost = Rp250.000 – 35%
   Per product = Rp162.500
   Per month = Rp162.500 × 4 = Rp650.000
6) Calculation of target cost for upia premium
   Target cost = Rp400.000 – 35%
   Per product = Rp260.000
   Per month = Rp260.000 × 2 = Rp520.000
7) Calculation of target cost for upia exclusive
   Target cost = Rp550.000 – 35%
   Per product = Rp357.500
   Per month = Rp357.500 × 2 = Rp715.000
8) Calculation of target cost for sharini bens 311 sofa
   Target cost = Rp7.750.000 – 15%
   Per product = Rp6.587.500
   Per month = Rp6.587.500 × 3 = Rp19.762.500
9) Calculation of target cost for leonardo 321 sofa
   Target cost = Rp10.000.000 – 15%
   Per product = Rp8.500.000
   Per moonth = Rp8.500.000 × 3 = Rp25.500.000

MJIFM | MAJAPAHIT JOURNAL OF ISLAMIC FINANCE AND MANAGEMENT
Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Comparison of Full Costing, Variable Costing, and Target Costing Methods in Setting Selling Prices

Table 26
Comparison of Full Costing, Variable Costing, and Target Costing Methods in Determining Product Selling Prices at Martabak Ar Fachrul Business

Types of products	Comparison		
	Full Costing (Rp)	Variabel Costing (Rp)	Target Costing (Rp)
Special malabar with 3 chicken eggs			
Cost of Production per Unit	19.393	19.004	16.250
profit 35%	6.788	6.651	8.750
selling price	26.181	25.655	25.000
Special terang bulan with cheese, chocolate, and milk			
Cost of Production per Unit	21.642	21.253	18.200
profit 35%	7.575	7.429	9.800
selling price	29.217	28.682	28.000

Types of products	Comparison		
	Full Costing (Rp)	Variabel Costing (Rp)	Target Costing (Rp)
Terang bulan crispy with chocolate and milk			
Cost of Production per Unit	20.287	19.898	16.900
profit 35%	7.100	6.964	9.100
selling price	27.387	26.862	26.000

Data source processed 2026

Based on the table, the three methods of calculating production costs at Martabak Ar Fachrul yield different results. The full costing method produces the highest production cost because it accounts for all fixed and variable costs, resulting in higher selling prices but more accurate profit and cost figures. The variable costing method results in lower costs and more competitive prices because it does not allocate fixed costs to the products, but it is less suitable for long-term decision-making. Meanwhile, the target costing method yields the lowest cost, more competitive prices, and higher target profits because it sets the

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

selling price and profit first; however, the business owner still needs cost-efficiency strategies to keep production costs under control.

Table 27
Comparison of Full Costing, Variable Costing, and Target Costing Methods in Determining Product Selling Prices at Rolan Upia Karanji Business

Types of products	Comparison		
	Full Costing (Rp)	Variabel Costing (Rp)	Target Costing (Rp)
Upia standard			
Cost of Production per Unit	123.656	88.934	97.500
profit 35%	43.280	31.127	52.500
selling price	166.936	120.061	150.000
Upia semi premium			
Cost of Production per Unit	194.056	159.334	162.500
profit 35%	67.920	55.767	87.500
selling price	261.976	215.101	250.000
Upia premium			
Cost of Production per Unit	299.720	264.998	260.000
profit 35%	104.902	92.749	140.000
selling price	404.622	357.747	400.000
Upia exclusive			
Cost of Production per Unit	400.120	365.398	357.500
profit 35%	140.042	127.889	192.500
selling price	540.162	493.287	550.000

Data source processed 2026

Referring to Table 27, the full costing method at Rolan Upia Karanji results in the highest production cost because it includes all fixed and variable costs, leading to a higher average selling price while remaining competitive given the high market price of upia. The variable costing method produces lower production costs and profit because fixed costs are recorded as period expenses, making it more suitable for short-term decisions such as offering discounts. Meanwhile, the target costing method yields the lowest production cost with high profit since the product's market price is already high; however, the business owner needs cost-efficiency strategies to maintain product quality when using this method.

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

Table 28 Comparison of Full Costing, Variable Costing, and Target Costing Methods in Determining Product Selling Prices at Taqim Meubel Business

Types of products	Comparison		
	Full Costing (Rp)	Variabel Costing (Rp)	Target Costing (Rp)
Sharini bens 311 sofa			
Cost of Production per Unit	6.310.431	6.033.988	6.587.500
profit 15%	946.565	905.098	1.162.500
selling price	7.256.996	6.939.086	7.750.000
Leonardo 321 sofa			
Cost of Production per Unit	8.158.599	7.882.156	8.500.000
profit 15%	1.223.790	1.182.323	1.500.000
selling price	9.382.389	9.064.479	10.000.000

Data source processed 2026

Referring to the table above, at Taqim Meubel, the target costing method actually results in the highest production cost because the product's market price is quite high. This method allows the business owner to improve product quality without the need for cost-efficiency measures, or to set prices below the market to strengthen competitiveness. The full costing method yields lower production costs and profit, but the selling price remains competitive, and both costs and profit are more accurate. Meanwhile, the variable costing method produces low production costs and profit because fixed costs are recorded as period expenses, making it suitable for short-term decisions even though it does not reflect the total actual production cost.

Discussion

Based on the research results of Martabak Ar Fachrul, Rolan Upia Karanji, and Taqim Meubel, the three production cost calculation methods have their respective advantages and limitations. The full costing method calculates all cost elements, both fixed and variable, resulting in a more accurate and comprehensive cost of production and selling price. The advantage is that the risk of underestimating costs can be avoided, but the disadvantage is that the selling price tends to be higher and is less suitable for short-term decisions such as promotions or discounts. Research by Kadir et al., (2025) and Alfiansyah et al., (2024) supports the use of full costing because it produces accurate cost of production calculations, while Martosono, *et al.*, (2025) and Murniati & Akira, (2025) highlight its disadvantages, namely high costs and less than optimal

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

efficiency. In this study, Martabak Ar Fachrul chose the full costing method because, although the selling price is relatively higher than other methods, the price is commensurate with the quality of the product offered, so it remains competitive in the market. Meanwhile, Taqim Meubel chose the full cost method because the selling price obtained is lower than the market price for similar products, so that the product remains competitive while generating accurate profits.

The variable costing method considers only variable costs, resulting in lower production costs and profit margins, allowing for more competitive selling prices and suitability for short-term decisions such as promotions or emergency sales. However, this method does not comply with accounting standards, is less relevant for long-term decision-making, and does not reflect total production costs. Studies by Maula et al., (2023) and Pasapan et al., (2023) emphasize its limitations, as the resulting production costs are lower and therefore less accurate for long-term pricing decisions. For these reasons, this method was not chosen by the three businesses studied.

Meanwhile, market-oriented target costing first sets selling prices and profit targets, then adjusts the cost structure to achieve efficiency. This method increases competitiveness, resulting in lower production costs and higher profits, but requires consistent cost control to maintain product quality. Studies by Sulastri (2024) and Hutajulu, et al., (2024) support this method because it increases cost efficiency and profits, while Rahmasania & Dahtiah, (2022) and Muharama et al., (2025) highlight the high pressure on cost control and the risk of quality decline if not managed effectively. In this study, Rolan Upia Karanji chose target costing because it allows for competitive selling prices in line with the market and optimal profits, provided that cost-efficiency strategies are implemented without sacrificing product quality.

Overall, the study indicates that full costing and target costing are the most suitable methods for implementation in the three businesses studied, while variable costing is more appropriate for short-term managerial purposes because it does not cover all production costs. The choice of method depends on the business characteristics, pricing strategy, and cost control needs of each entrepreneur.

CONCLUSION

Based on the research results, the full cost and target cost methods are the most suitable production cost calculation methods to be applied in the three

Vol. 6 No. 2, 2026, 2262–2293 e-ISSN 2798-0170

businesses studied. The full cost method was chosen by Martabak Ar Fachrul and Taqim Meubel because it produces accurate production costs and selling prices; Martabak remains competitive because prices are proportional to quality, while Taqim Meubel remains competitive because selling prices are lower than market prices. The target cost method was chosen by Rolan Upia Karanji because it allows for competitive selling prices and optimal profits, provided that cost efficiency strategies are implemented without reducing quality. Conversely, the variable cost method is less suitable for long-term goals because it only takes into account variable costs, so production costs do not reflect total production costs, but it is still useful for short-term managerial decisions.

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