



Analysis of the Determination of Product Selling Price Using the Cost Plus Pricing Method (Case Study at UD Homebake Palembang)

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Abstract

This study aims to analyze the determination of the selling price set based on the cost plus pricing method compared to the selling price set by the company. This research was conducted at UD Homebake Palembang. The data used in this study were primary data obtained from interviews. The method used in this research is descriptive qualitative analysis. The results indicates that there were differences in determining the selling price at UD Homebake Palembang with the cost plus pricing method. This research is expected to help UD Homebake Palembang in determining the selling price of the product

Keywords : cost accounting, selling price determination, overhead costs

1. Introduction

The rapid progress of the business world has finally made business ventures begin to make improvements in every aspect of the business sector, whether related to products or services and what is produced or in the internal business. With the rapid progress of today's business ventures, it is possible that there are still many small and medium industrial companies such as MSMEs that do not understand correctly how to determine the cost of production, which greatly influences the determination of the selling price of the product. because the determination of the selling price of the product does not use the correct calculations and accounting principles, but instead uses management estimates or the business owner himself. With that, the company must determine the right selling price to get an optimal profit or a profit that is expected by the company itself so that it is far from the threat of loss and even bankruptcy. Determining the selling price itself is very influential in maintaining the continuity of a company, because if the company incorrectly determines the cost of production without careful calculations on raw material costs, direct labor and factory overhead costs that exist in the company will affect the decision in determining the selling price.

In addition, there are also several factors that influence the determination of the selling price, for example costs and estimated profits or profits expected by the company. If you do not pay attention to determining the selling price with internal and external factors, you will find problems that often occur. The method of determining the selling price based on the desired cost or profit is the cost plus pricing method. This method takes into account the company's full cost and expected profit in determining the selling price. By using the cost plus pricing method, a business or company is able to set a selling price for one unit or product that is equal to the total cost per unit or product to be sold plus the amount of profit desired for each unit or product. The profit calculation itself is based on non-production costs and profits to be achieved by the company expressed in percentages.



2. Method

The scope of the research carried out is a case study with a limited focus or a specific object, namely UD. Homebake Palembang by collecting data and processing it, then analyzing it and drawing conclusions regarding the results to be determined. This writer uses a quantitative descriptive research method, namely a method that analyzes the problem by describing it on existing data, in the form of calculating production costs to find out the comparison of production costs which can provide a clear picture or description of the analysis of the use of differential accounting information in making decisions. product selling prices at UD. Homebake Palambang (Mawikere et al., 2014). This study aims to determine the calculation and determination of the selling price determined based on the Cost Plus Pricing method.

3. Results and Discussions

Cost Plus Pricing is the determination of the selling price by adding the expected profit above the full costs of the future to produce and market the product (Septiano, 2018). Cost plus pricing is a method of determining the price of a product or service that uses direct costs, indirect costs and fixed costs, both related to the production and sale of products or services and those that are not related (Yuningsih, 2015).

Calculation of the selling price using this method results in a more accurate and guaranteed selling price calculation compared to selling price calculations carried out by companies which are only based on calculations without including elements of non-production costs. In calculating the selling price according to Cost Plus Pricing, all costs that support the process of making a product, both production and non-production costs, include the expected profit and percentage calculations.

The formula for calculating the selling price on the basis of general costs, both full costing and variable costing, can be stated in the following equation (Septiano, 2018):

$$\text{Cost of goods sold} = \frac{\text{Total cost of production} + \text{Expected profit}}{\text{Total Production}}$$

Table 1. Comparison of Selling Prices for Company Products Using the Cost Plus Pricing Method

Types of products	Company	Cost Plus Pricing	Difference (Rp)	Difference (%)
Chocolate Banana				
April	Rp. 5000	Rp 6.870	Rp 1.870	0,37%
May	Rp. 5000	Rp 6.880	Rp 1.880	0,37%
June	Rp. 5000	Rp 6.917	Rp 1.917	0,38%
July	Rp. 5000	Rp 6.917	Rp 1.917	0,38%
August	Rp. 5000	Rp 6.919	Rp 1.919	0,38%
September	Rp. 5000	Rp 6.917	Rp 1.917	0,38%

**Roti Boy**

April	Rp. 5000	Rp 6.621	Rp 1.621	0,32%
May	Rp. 5000	Rp 6.630	Rp 1.630	0,32%
June	Rp. 5000	Rp 6.639	Rp 1.630	0,32%
July	Rp. 5000	Rp 6.639	Rp 1.639	0,32%
August	Rp. 5000	Rp 6.636	Rp 1.636	0,32%
September	Rp. 5000	Rp 6.630	Rp 1.630	0,32%

Brownies Sliced

April	Rp. 5000	Rp 7.031	Rp 2.031	0,40%
May	Rp. 5000	Rp 7.046	Rp 2.046	0,40%
June	Rp. 5000	Rp 7.038	Rp 2.038	0,40%
July	Rp. 5000	Rp 7.047	Rp 2.047	0,40%
August	Rp. 5000	Rp 7.049	Rp 2.049	0,40%
September	Rp. 5000	Rp 7.031	Rp 2.031	0,40%

Banana Cake Sliced

April	Rp. 5000	Rp 7.025	Rp 2.025	0,40%
May	Rp. 5000	Rp 7.044	Rp 2.044	0,40%
June	Rp. 5000	Rp 7.030	Rp 2.030	0,40%
July	Rp. 5000	Rp 7.030	Rp 2.030	0,40%
August	Rp. 5000	Rp 7.046	Rp 2.031	0,40%
September	Rp. 5000	Rp 7.046	Rp 2.046	0,40%

Table 1 explains the percentage difference in the selling price of products that have different percentage differences from the 4 products. The biggest percentage difference occurs in sliced Brownies products where the difference is 0.40% every month, such as in April Rp. 2,031 (0.40%), May Rp. 2,046 (0.40%), June Rp. 2,038 (0.40%) 40%), July IDR 2,047 (0.40%),



August IDR 2,049 (0.40%) and September IDR 2,031 (0.40%). While the difference in presentation is the smallest in Roti boy products where the difference is in every month, such as in April Rp. 1,621 (0.32%), May Rp. 1,630 (0.32%), June Rp. 1,639 (0.32%) , July IDR 1,639 (0.32%), August IDR 1,636 (0.32%), September IDR 1,630 (0.32%). UD. Homebake Palembang is not correct, it can be seen that there is a significant price difference in the 4 products studied. Determination of the selling price set by the company is lower than the Cost Plus Pricing method of IDR 5,000/pack, where the company does not include all elements of the costs incurred in the production process to determine the selling price of the product, while the calculation in determining the selling price uses the cost plus method pricing of IDR 7,000 to IDR 7,100. The difference lies in the calculation of the selling price of the 4 bakery products described by the previous author.

From the calculation results above, it can be concluded that the cost plus pricing method is better used in determining the selling price. In theory, this research is related to agency theory which discusses the relationship between (principal) and (agent). determining the exact selling price that they will use later, by carrying out or using the cost plus pricing method in determining the selling price for UD. Homebake Palembang will be far more precise than determining the selling price they have used so far.

However, the results of this study are in line with previous research conducted by (Nurpitasari, 2016) at UD Gansyah Kediri, (Anggareni, 2019) at the Mulia Kaca shop in Tangerang and (Moniung et al., 2020) at the Dabu-dabu grilled fish restaurant. lemong, where the results of his research show that these businesses do not use the correct calculations and accounting principles in determining the right selling price because so far they have only used management estimates or the business owners themselves. This shows that there are still many small and medium industrial companies such as MSMEs that do not understand correctly how to determine the cost of production, where it greatly influences product selling prices because if product selling prices are determined using the correct calculations and accounting principles, then determining the selling price of the product will be appropriate and not detrimental to the business owner.

4. Conclusions

Based on the results of the discussion of the analysis above, it can be concluded that several conclusions are:

1. In the calculation of the selling price, there are differences in the results of the company's calculations and the results of calculations using the cost plus pricing method. The selling price set by UD. Homebake Palembang is smaller than the selling price resulting from the cost plus pricing method.
2. The difference in the results of the calculation is due to UD. Homebake Palembang has not done a precise and accurate calculation of BOP (Factory Overhead) or non-production costs.
3. For chocolate banana and boy bread products, UD. Homebake Palembang is supposed to sell IDR 7,000/product and for sliced brownies and sliced banana cakes, UD. Homebake Palembang is supposed to sell IDR 7,500/product.

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