

IMPROVING THE ABILITY TO CALCULATE COST OF GOODS SOLD ON MSMEs IN BOJONGSOANG VILLAGE, BANDUNG CITY

¹Pupung Purnamasari, ²Riyang Mardini, ³Annisa Nadiyah Rahmani, ⁴Irena Paramita Pramono, ⁵Tiara Mustikasari, ⁶Ilvia Restu Utami, ⁷Laila Sugiharta

¹²³⁴⁵⁶⁷Accounting Study Program, Faculty of Economics and Business
Bandung Islamic University

Email: p_purnamasari@yahoo.co.id, riyangmardini30@gmail.com,
annisanadiyahrahmani93@gmail.com, irena.paramita@gmail.com.

Abstract

National economic recovery needs support from various parties, not only from the government but also from academics who actually have a duty to serve the community to build scientific progress for the welfare of society. This activity has two main objectives: (1) provide an understanding to MSME actors in Bojongsoang Village, Bandung City, about the importance of calculating the cost of goods sold, (2) providing training and assistance for MSME actors in Bojongsoang Village, Bandung City, to be able to calculate the cost of goods sold correctly. The implementation method used in this service is the lecture method, discussion method, and simulation method. The results of this service activity influenced the increase in score by 35.22% on the level of understanding of trainees in the cost of goods sold. This means that this training on calculating the cost of goods sold affects the participants of MSMEs in Bojongsoang Village, Bandung City.

Keywords: *cost of goods sold, msmes, understanding of accounting.*

1. INTRODUCTION

The year 2022 is the year after Covid-19 pandemic, Micro Small and Medium Enterprises (MSMEs) in Indonesia, especially a number of MSMEs in the City of Bandung, have entered a more transformative stage of economic recovery, which is ready to face crises and environmental changes. Previously, a number of leading MSME commodities in Bandung City experienced a decline. The fashion sector decreased by 79%, the craft sector decreased by 84%, services and other trades decreased by around 73%, and even the culinary sector decreased by 97% due to the impact of the pandemic that has occurred since 2019, then a solution to the problem that occurs is needed. (Diskopumkm, 2022).

The general problems of micro business actors are divided into two main problems, namely external and internal. External problems arise from outside business actors such as capital accessibility, promotion facilities, and sales. Internal problems are obstacles that arise from within business actors in the form of lack of knowledge and skills (Yustitia and Adriansah, 2022). To solve these external problems, the government strives to empower MSMEs through the provision of microfinance institutions, providing subsidies for sales facilities and capital injections for MSME actors. However, to overcome internal problems, it is necessary to have training to increase the knowledge and skills of business actors in financial management to achieve the desired profit target.

Determination of profit targets is influenced by the ability of business actors in calculating the cost of goods sold, setting sales prices of product and determining the expected profit (Mulyani et al., 2021). Determination of the cost of goods sold and the selling price of products is a small problem that has a big impact in the business world (Yustitia and Adriansah, 2022). The phenomenon that occurs, there are still many MSME business actors who are unable to obtain optimal profits due to their inability to calculate the cost of goods sold correctly (Yulianti and Saputra, 2017), and only set the selling price based on the market price without calculating the costs that have been incurred during the sales process without accounting procedures (Prabowo, 2019).

Cost of goods sold is an amount of costs incurred to produce a good or service until the goods are ready for sale (Mulyadi, 2015:14). Cost of goods sold information is useful for determining the selling price of products, monitoring the realization of production costs, calculating periodic profits or losses, determining the cost of goods in stock of finished products and products in the process in the balance sheet (Mulyadi, 2015:65). Therefore, it is important to provide assistance to increase the knowledge of financial managers of MSMEs, especially in determining the cost of goods sold (Grima et al. (2019), Mulyani et al. (2021) and Yustitia and Adriansah (2022)).

MSMEs in Bojongsoang Village, Bandung City, are mostly engaged in the food and beverage processing industry and crafts. Based on preliminary observations with several business actors, it shows that there are still many external and internal obstacles faced. One of the internal obstacles is the lack of literacy of business actors in determining the cost of goods sold and the selling price of products. One of the internal

obstacles is the lack of literacy of business actors in determining the cost of goods sold and the selling price of products. This is due to the lack of assistance to MSMEs in Bojongsoang Village, Bandung City in determining the cost of goods and selling prices of products. Community Service Activities carried out by the Accounting Study Program, Faculty of Economics and Business, Bandung Islamic University are expected to help solve the problems faced by providing solutions to the financial management of MSMEs in Bojongsoang Village, Bandung City.

2. LITERATURE REVIEW

Micro, Small and Medium Enterprises (MSMEs)

Micro, Small and Medium Enterprises (MSMEs) have an important role in the development of the Indonesian economy, especially in terms of gross turnover of 61.1%. MSMEs play an important role in providing worker absorption of 97.1% and exports of 14.4%. Credit for MSMEs can also absorb approximately 1 trillion in 2018 (BI, 2022). The Indonesian government provides support for MSMEs, namely with the existence of the Job Creation Act, there are 64.13 million MSMEs, which are MSMEs that have not been registered because the licensing process is quite long in Indonesia. The Employment Creation Act makes it easier for licensing (BKPM, 2022).

The National Economic Recovery Program (PEN) is a government program to provide support to MSMEs after the COVID-19 pandemic, namely by providing interest/margin subsidies, guaranteeing MSME credit loss limits, investment financing to cooperatives through Fund Management Institutions, and the Productive Micro Business Presidential Assistance (Banpres) Program (BKPM, 2022).

People's Business Credit (KUR) is a government assistance program to strengthen MSME capital, as well as other support from the government, one of which is the expansion of Indonesian product exports through the ASEAN Online Sales Day (AOSD) (BKPM, 2022). All of these programs of course require the MSME financial reports to see the financial condition of their business. Cost of goods sold is a component of financial statements, especially in manufacturing, to be able to produce good sales performance. MSME entrepreneurs must be able to calculate the cost of goods sold correctly in order to avoid waste and miscalculation and can be more effective in increasing operating profits for MSMEs.

Cost of Goods Sold

Inventories according to the Statement of Financial Accounting Standards are assets owned by companies that are available for sale, therefore inventory is an important component in a company's assets (IAI, 2022). Inventory has a cost component attached to it, which will cause the cost of goods sold every time a sales transaction occurs. Inventory recording is divided into two methods, namely periodic and perpetual (IAI, 2016). The periodic method is determined every period, for example once a month with a stockopname and the rest of the goods are multiplied by the cost of goods sold, the figure is recorded as the final inventory and the difference between the remaining inventory and the initial data of inventory is the cost of goods sold issued. The perpetual method is a method of recording inventory that is carried out whenever a transaction occurs in the expenditure of goods inventory of initial raw materials, semi-finished materials, finished materials and supporting materials.

PSAK 14 states that the components of the cost of acquiring inventory are divided into three, the first is the purchase cost which consists of the purchase price, namely import duties, taxes, transportation costs. (IAI, 2016). The second is conversion costs are the costs inherent in such inventory from the initial raw materials to the finished goods. The last is miscellaneous costs, namely costs that are included in the cost component because they play a role in the formation of finished inventory that is ready for sale, for example, waste of materials, storage costs, administrative costs and sales costs.

Previous Research

Research conducted by Iswanaji and Wahyudi (2019) stated that the production cost for SMEs in slondok consists of three stages, namely firstly identifying costs as a whole and determining the right unit for costs. The second stage calculates the expenditure for each production activity. The third stage is to calculate the cost of production, the calculation of gross profit and net profit.

The research of Grima et al. (2019) states that cost and information management has control in managing costs in making products so that they can provide information in determining the selling price and how much inventory is left, and seeing business profit margins. Research conducted by Obigbemi (2010) states that MSME management is very important to have good knowledge related to production costs before they

change the cost of goods and selling prices which causes a decrease in the quality and quantity of a product, and always promote and introduce their new products by clear to consumers. Training is very important to do to increase the understanding and ability of business actors in calculating the cost of production and determining the selling price Mulyani et al. (2021) and (Yustitia and Adriansah, 2022).

3. RESEARCH METHODS

Stages of Data Collection

This service activity is part of Community Service Activities funded by LPPM, Bandung Islamic University. The focus of this service activity is training on the calculation of the cost of goods sold at SMEs in Bojongsoang Village, Bandung, which consists of 19 participants. There are several stages of activities in this Community Service Activities to produce research data:

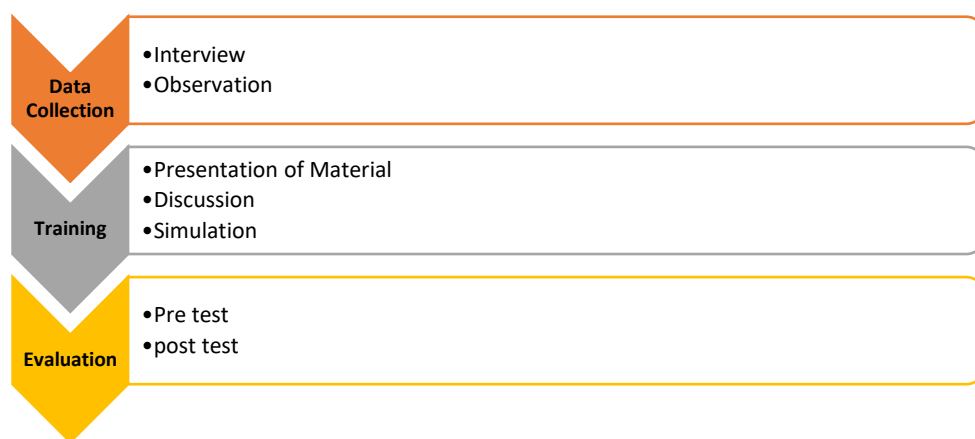


Figure 1. Stages of Community Service Activities.

Research Methods

After all the series of Community Service Activities activities are carried out, then data processing is carried out on the results of the pre-test and post-test. The data in this study is primary data from the pre-test and post-test results of MSME actors in Bojongsoang Village, Bandung City. Next, an inferential analysis is carried out, namely a mean difference test to see in general, whether there is a difference in the average pre-test and post-test scores.

4. RESULTS AND DISCUSSION

Respondent Description

The research respondents were 19 participants from the 30 participants who collected the results of the pre-test and post-test. Based on the type of business, which is grouped into the types of food and beverage, craft, and fashion businesses, it can be seen in figure 2 below:

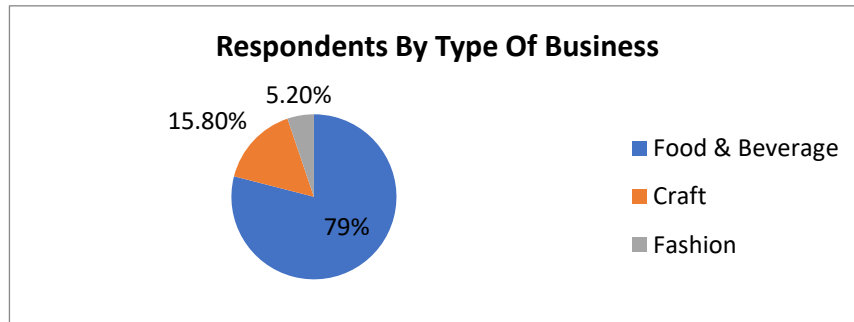


Figure 2. Respondents by Type of Business.

Source: Data Processed, 2022.

Based on figure 2 above, it can be seen that the participants of Community Service Activities at MSMEs in Bojongsoang Village, Bandung City, are dominated by participants engaged in the food and beverage business.

The next researcher tried to group the participants of Community Service Activities in the Bojongsoang Village SMEs based on the length of business with the following criteria:

1. 1 - 3 years of business
2. 4 - 6 years of business
3. 7 - 9 years of business
4. More than 10 years of business

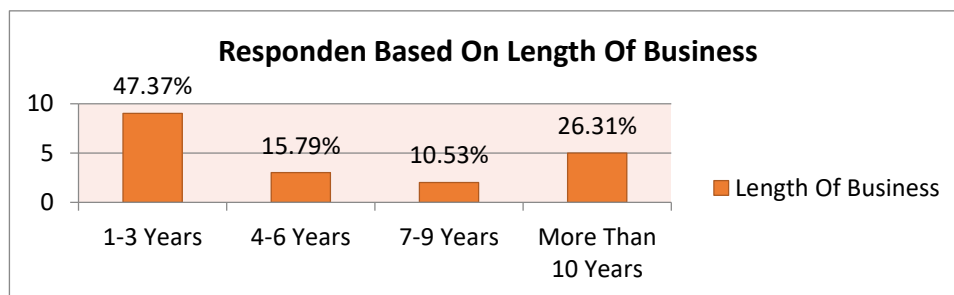


Figure 3. Respondents Based on Length of Business.

Source: Data Processed, 2022.

Based on the criteria for length of business, it can be seen in figure 3 that respondents who run the business for 1 to 3 years are 47.37%, the length of business for 4 to 6 years is 15.79%, the length of business is 7 to 9 years 10.53% and those who run the business for 10 years. above amounted to 26.31%.

The test results for calculating cost of goods sold in MSMEs in Bojongsoang village using a different test are shown in table 1 below:

Different Test

Table 1
Cost of Goods Sold Calculation Test Results for SMEs in Bojongsoang Village

		mean	Std. Deviation	Std. Error Mean	Lower	Upper	t	df	Sig. (2-tailed)
Pairs	Before_	-35.22222	2.34033	.55162	-36,38604	- 34.05841	-63,852	17	.000
1	training								
	After_tr								
	aining								

Source: Data Processed, 2022.

Table 1 above shows that the cost of goods sold calculation training participants in MSMEs in Bojongsoang Village have an effect on increasing scores when viewed from the post-test and pre-test of 35.22%. The increase in the score here is quite significant because if seen previously the average pre-test score of 19 participants was with a score of 50, but after being given training the score increased to an average score of 85. These results makes the training on calculating the cost of goods sold to influence MSME participants in understanding and running consistently in the future the calculation of this COGS for their business. The significance is shown in table 1 with the number $0.000 < 0.05$ (5%).

Previous research Obigbemi (2010) and Grima et al. (2019) show the same thing that the HPP calculation is an important element in determining the selling price, especially to be able to provide information on whether the selling price is too low or too high. The HPP calculation can also be used to determine operating profit and net profit, because HPP is an important element in the business, especially in the manufacturing sector.

Activity Documentation

The following documentation is proof of the enthusiasm of MSME participants in Bojongsoang Village, Bandung City as Community Service Activities partners assisted by the Accounting Study Program, Faculty of Economics and Business, Unisba during the activity:



Figure 4. Enthusiasm of Participants.

Source: Community Service Activities, 2022.



Figure 5. Handing Over of Award Plaques to The Leaders of SMEs Bojongsoang Bandung City.

Source: Community Service Activities, 2022.



**Figure 6. Handing Over of Award Plaques to Representatives of
The Bojongsoang Village Head.**

Source: Community Service Activities, 2022.

5. CONCLUSIONS

Before the Community Service Activities activity was carried out, several MSME actors in Bojongsoang Village, Bandung City had not mastered the calculation of the cost of goods sold. However, with the enthusiasm of the participants, Simulation training on the calculation of the cost of goods sold carried out by the Accounting Study Program, Faculty of Economics, Unisba, increased financial management knowledge for MSME business actors in Bojongsoang, Bandung City.

We hope that this training assistance in calculating the cost of goods sold will be continued with the consistency of MSME participants in calculating their finances every day so that they can determine the selling price correctly, improve MSME performance and drive a more resilient economy after the Covid 19 pandemic.

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