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Application Of The Job Order Costing Method In Determining The Selling Price Of Products In Catering Businesses

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INFO ARTIKEL

Abstract

Keywords:

*Job Order Costing, Overhead
Cost, Selling Price*

Anak Bawang Kitchen catering business, in the process of calculating product costs, has not been calculated accurately for its business. This study aims to determine the application of job order costing in determining the selling price of products. This research uses a descriptive analysis method with interviews as a way to obtain information directly related to the research. Data were sought through interviews with specific subjects (business owners, catering workers/employees, and writers). The results of this study are that Dapur Anak Bawang Catering has implemented the collection of product costs, but the calculation of product costs does not include the cost of equipment depreciation in the calculation of overhead costs, and Dapur Anak Bawang Catering has not included an order price card as an additional card in determining the selling price of the product.

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Introduction

The calculation of the cost of goods is an important component in determining the selling price of manufactured goods. For an MSME, accuracy in calculating the cost of goods is essential to success. This is because it allows businesses to monitor and manage production costs, thus ensuring they remain competitive against other MSMEs. In today's global market, accurate product pricing is essential for setting competitive selling prices. However, many MSMEs neglect to accurately calculate product costs, resulting in product prices that are too high or too low and unable to compete effectively in today's market.

In calculating the cost of goods, there are two ways of collecting them: process costing and job order costing. Process costing is the determination of the cost of products used in situations where production involves only one single

product and is made over a long period of time or is produced continuously. Examples include cement manufacturing companies, iron, flour, gasoline, and other raw material companies. Meanwhile, job order costing is a way of collecting the cost of goods or products made to order. If an order has been received, an order will immediately be issued to make the product according to the specifications of each order.

Goods ordered specifically by customers will be made according to a mutually determined time, so MSMEs must be able to accurately consider the selling price of products based on orders. A customer or consumer must pay attention to price when making a purchase decision or ordering a product, whether he will buy it or not, if the price is not in accordance with his economic capabilities. Although in fact it is not uncommon for quality to be favored over price, it cannot be denied that many consumers consider price more in the process of purchasing decisions for consumer goods.

Based on the description above, the author is interested in further research with the title " Application of the Job Order Costing Method in Determining the Selling Price of Products in Catering Businesses".

RESEARCH METHODS

The method used in this research is a descriptive analysis method with interviews as a way to obtain information directly related to the research. The data sought through interviews with certain subjects (business owners, workers, category employees, and writers) is production cost data, which includes raw material costs, labor costs, and factory overhead costs. The research was conducted on Friday, October 27th, 2023, and the object of this research was conducted at the "Dapur Anak Bawang" catering business.

The data analysis method used is descriptive analysis. According to Sugiyono (2015: 105) analytical descriptive method, namely collecting factual information in research so that it can be analyzed and provide an overview of existing problems, and calculating the unit cost of a particular order, namely by dividing the total cost of the order by the number of units of the order. Comparison of MSME calculations and theoretical calculations.

RESULT

Company Profile

Anak Bawang Kitchen Catering is a business engaged in food ordering that was established in 2021. This business accepts several kinds of food orders, such as grilled rice, padang rice, yellow rice, rames rice, uduk rice, and nasi lemak.

Research Results

Application of the Job Order Costing System

- a. **Based on Orders.** In this onion the children's kitchen catering business will make orders if they receive orders or if there are consumers who

order production goods. In this case, Anak Bawang Kitchen Catering does not produce warehouse inventory stock but only produces boxed rice according to consumer or orderer requests. With a deadline that is also agreed upon by both parties, namely, the caterer and the consumer.

- b. **Classification of Production Costs.** In this Anak Bawang Kitchen Catering business, they classify production costs by calculating the cost of raw materials used to produce and direct labor costs.
- c. **Cost of Goods.** In the Dapur Anak Bawang catering business, calculating the cost of goods determines the cost per unit of grilled rice. This business does not calculate the cost of goods based on incoming orders; it has determined the price in advance; therefore, it does not use the order cost card to determine the selling price of the product. In this study, the calculation of the cost of goods includes raw material costs, direct labor costs, and factory overhead costs. The calculation of the cost of goods according to the catering business for determining the selling price of the product is as follows:

1. Raw material cost

**Table 1. Raw Material Cost Per Unit of Grilled Rice
Order Quantity: 50 Boxes**

No	Description	Needs	Units	Price (Rp)	Total (Rp)
1	Rice	4	Kg	15.000	60.000
2	Slaughtered Chicken	3,5	Kg	35.000	122.500
3	Egg	3	Kg	23.000	69.000
4	Cooking Oil	1	Liter	20.000	20.000
5	Coconut Milk	3	Pieces	10.000	30.000
6	Curly Red Chili	$\frac{3}{4}$	Kg	36.000	27.000
7	Onion	$\frac{1}{2}$	Kg	10.000	10.000
8	Garlic	$\frac{1}{4}$	Kg	9.000	9.000
9	Basil	3	Bunch	5.000	5.000
10	Cracker	2	Packs	10.000	20.000
11	Cucumber	1	Kg	9.000	9.000
12	Tomato Fruit	1	Kg	14.000	14.000
13	Chicken Spices	To taste		7.500	7.500
14	Rice Spices	To taste		7.500	7.500
TOTAL					RP. 410.500

The table above shows that the amount of raw material costs required to produce a 50-box order of grilled rice is Rp. 410,500.

2. Direct labor cost

**Table 2. Direct Labor Cost of Grilled Rice Order
Quantity: 50 Boxes**

No	Number of Workers	Units Produced	Wages (Rp)	Working Day	Total (Rp)
1	1 person	50	50.000	Perhari	RP. 50.000
TOTAL					RP. 50.000

The table above shows that the direct labor costs required to produce a 50-box order of grilled rice are IDR 50,000.

3. Factory Overhead Costs

Table 3. Factory Overhead Cost of Grilled Rice Order Quantity: 50 Boxes

No	Description	types of overhead costs	Needs	Units	Price (Rp)	Total (Rp)
1	Boxed Rice + Toothpicks + Tissues	Variable costs	50	Boxs	1000	50.000
2	Clean Water	Variable costs	1	Gallon	7.000	7.000
3	Gasoline	fixed costs	1	Liter	10.000	10.000
4	Gas	Variable costs	2	Gas cylinders	17.000	34.000
5	Banana Leaf	Variable costs	10	Bounches	1.500	15.000
TOTAL						116.000

The table above shows that the amount of factory overhead costs required to produce a 50-box order of grilled rice is Rp. 116,000.

Table 4. Calculation of Equipment Depreciation Costs

Description	Total	Acquisiti-on Price (RP)	Econo-mic Life	Depreciati-on Year (RP)	Depre-ciation Month (RP)
Gas Stove	2	800.000	15 years	53.333	4.444
Refrigerator	1	3.500.000	20 years	175.000	14.583
Gas Cylinder	2	430.000	20 years	21.500	1.792
Dandang	1	180.000	10 years	18.000	1.500
Wok	1	120.000	10 years	12.000	1.000

Spatula	2	20.000	5 years	4.000	333
Pan	1	45.000	10 years	4.500	375
Rice Basket	1	20.000	5 years	4.000	333
Stainless Basin	2	120.000	15 years	8.000	667
Sutil	1	13.000	4 years	3.250	271
Teflon Frying Pan	1	300.000	5 years	60.000	5.000
TOTAL				363.583	30.298

The table above shows the calculation of equipment depreciation costs using the straight line method, where the formula is as follows:

$$\text{Depreciation Cost} = \text{Acquisition Price} / \text{Economic Life}$$

The table above shows that the amount of equipment depreciation costs each month is Rp 30,298. However, all equipment is not fully used only for grilled rice orders but is also used for other orders such as uduk rice, padang rice, kung rice, and others. Then 13% of the depreciation cost of equipment for making grilled rice (50 boxes) is taken: 13% of Rp. 30,298 = **Rp. 3,939.**

DISCUSSION

Application of the Job Order Costing System

- a. **Based on Orders Based on the research results.** The catering business only produces products when there are incoming orders. According to Firmansyah (2014: 1), job order costing is a product that is produced based on consumer orders. Therefore, this catering business runs an order system or collects the cost of goods produced in accordance with job order costing.
- b. **Classification of Production Costs.** The classification of production costs is divided into direct costs and indirect costs. Direct costs consist of raw material costs and direct labor costs. While indirect costs are factory overhead costs, So that the production costs in this catering business are in accordance with Mulyadi's theory (2015: 38), Where the calculation of production costs in catering businesses uses the classification of direct costs and indirect costs, the company does not calculate the cost of equipment depreciation.
- c. **Cost of Goods.** The calculation of the cost of goods in this business is not in accordance with job order costing because the company has determined in advance that each item that the company produces has a cost per box. Supposedly, in the job order costing system, the company receives the order that the customer wants and then immediately calculates the selling price of the product based on the order that the customer wants using the order cost book.

Table 5. Comparison of Calculation of Selling Price of Grilled Rice Order 50 Boxes

Description	Full Costing (Rp)	Variabel Costing (Rp)
Raw Material Costs	410.500	410.500
Direct Labor Costs	50.000	50.000
Variable Factory Overhead Costs	106.000	106.000
Fixed Factory Overhead Costs	40.298	-
COGS per 50 Units	606.798	566.500
Selling Price Per Unit	12.136	11.330

Based on the table above, there is a comparison of the selling price of boxed rice orders using the full-costing and variable-costing methods. Calculations with the full costing method are calculated in relation to variable costs and fixed costs, while calculations with the variable costing method only use variable costs. Based on the table, it can be seen that the results of the calculations with the two methods show that the selling price has a difference of Rp 806 rupiah. Where the selling price using the full costing method is higher than using the variable costing method.

CONCLUSION

Based on the results of research on the application of job order costing in determining the selling price of company products, the authors can conclude that the job order costing method is effective for use in determining the selling price of products in the Dapur Anak Bawang catering business. This method allows MSMEs to calculate specific production costs based on incoming orders so that the selling price can be determined more accurately. In the Dapur Anak Bawang catering business, when implementing job order costing, the classification of costs and orders is in accordance with existing theory. However, it does not calculate the cost of products according to the order or is calculated directly when the order comes in. The Dapur Anak Bawang catering business, in calculating the cost of goods, has not calculated accurately in determining the selling price of the product. In addition, the calculation of overhead costs does not calculate marketing costs and equipment depreciation costs and also does not divide overhead costs for grilled rice orders and other orders, because overhead costs are not entirely for grilled rice orders but for all orders received by the company in one month. And the company has not implemented a job order costing system because MSMEs have set the price per box so that every order received has been calculated in advance as the selling price of the product.

So, the Anak Bawang Kitchen Catering Business should calculate and pay attention to all components of the cost of goods produced, namely raw material costs, direct labor costs, and overhead costs, correctly and accurately in accordance with existing theories, especially job order costing theory. Anak Bawang Kitchen catering business in the job order costing system must calculate the cost of goods produced based on incoming orders using the order costing card.

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