

# IMPLEMENTATION OF COST OF GOODS MANUFACTURED CALCULATION METHOD IN MSMEs

Yoyok Priyo Hutomo<sup>1</sup>, Awa<sup>2</sup>

<sup>1</sup>Economic & Business, Universitas Djuanda, Indonesia ;

<sup>2</sup>Economic & Business, Universitas Djuanda, Indonesia ;

<sup>1</sup>yoyok.priyo@unida.ac.id; <sup>2</sup>awa@unida.ac.id;

---

## Abstract

**Background** - Micro, small and medium enterprises (MSMEs) are businesses that have mushroomed throughout Indonesia. MSME actors continue to strive to increase business sales in the face of increasingly tight competition. In order to achieve the expected selling value, MSMEs must strive to calculate the cost of goods manufactured (COGM) correctly, so as to obtain maximum profit. The calculation of COGM includes raw material costs, direct labor costs, and factory overhead costs. Many MSMEs are not precise in determining and calculating these three components, so that determining the selling price is also not precise. Mistakes that are often made by MSMEs actors, such as not calculating factory overhead costs correctly in calculating COGM.

**Purpose** - The purpose of this research is to identify the methods used to calculate COGM in MSMEs, the most widely used and most appropriate methods, and the findings of the application of COGM calculation methods in MSMEs.

**methodology** - The method used is library research, using critical analysis techniques.

**Findings** - The results of the study show that there are 3 approaches (methods) used by MSMEs in calculating COGM, namely using activity-based costing (ABC), variable costing, and full costing. The full costing method is the most widely used and most appropriate method for determining MSMEs COGM, because it has included all elements of costs incurred. Calculating COGM using the full costing method will be more precise and accurate, and can increase profits by determining the right selling price. The findings of the implementation of COGM calculation using the full costing method, such as: (1) the full costing method in COGM can determine the selling price because it will charge all production overhead costs, both fixed and variable, so it is more profitable for the company because it will charge all production operational costs in making a product; (2) the calculation of the full costing method is greater than the calculation of the company's COGM method, this difference occurs because the company does not calculate all factory overhead costs in detail; (3) MSMEs COGM is higher than the calculation of COGM using the full costing method, which is caused by different treatments regarding variable overhead costs and fixed overhead costs; and (4) the calculation of COGM using the full costing method produces a higher COGM compared to the calculation of COGM according to MSMEs, because it includes costs as a whole, namely variable costs and fixed costs, has not included cost elements in detail and has not separated factory and household expenses.

**Originality** - Research that identifies the methods for calculating COGM in MSMEs, the most widely used and more appropriate methods, and the application of COGM calculation methods in MSMEs in a comprehensive manner, has never been conducted before.

Keywords: activity-based costing (ABC), COGM, full costing, overhead costs, variable costing

---