

Assistance in Cost Classification and Cost Production of Street Food Microenterprises in Bekasi District

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ABSTRACT

MSMEs are considered the main pillar of the economy, especially when large companies experience difficulties or bankruptcy. This is considered positive because MSMEs can be the main indicator of regional economic progress. However, some MSME players may not understand how to develop their products, especially in classifying and calculating costs. One strategy in business development is to make a detailed cost classification or calculation of production costs in an activity report. This activity aims to provide practical guidance, training and mentoring in classifying costs and calculating production costs for MSMEs in the Mustika Jaya forum, especially "Kaki Street Food" business owners. This activity involved developing a step-by-step guide to help "Kaki Street Food" business owners understand the cost classification and production costs involved in their business. The guide covers important aspects such as market analysis, marketing strategy, and financial planning. The results of the activity provide an understanding to partners about the importance of classifying costs in supporting the preparation of production cost reports which can ultimately be used as a basis for decision-making on setting selling prices. Partners can participate in the activity well, as evidenced by the results of the simulation of the preparation of production cost reports that are done independently.

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INTRODUCTION

MSMEs have the potential to make a significant contribution to reducing unemployment, providing employment, reducing poverty, improving welfare and building national character (Darfaz et al., 2023). The significance of the contribution of MSMEs to economic development can be seen, among others, through opportunities for much wider employment, increased foreign exchange, income and sales taxes and also, and human resource development opportunities (Zaelani, 2019).

Despite having several advantages, MSEs also have many limitations that prevent them from growing. These limitations include the lack of access to banking and financing (Yahya et al., 2024); low skills and knowledge of human resources (HR); simple to manage; and limited use of technology (Suhariyanto, 2018). Micro businesses, such as food stalls or snack outlets, are often run by individuals or small groups with limited capital (Siswantini et al., 2023). Nevertheless, it is imperative that they can effectively manage their operational costs to remain competitive in the market. Nevertheless, a lack of comprehension of cost categorisation and production costing methodologies frequently impedes the capacity of micro merchants to optimise their expenditures and devise appropriate pricing strategies (Yuliani et al., 2024).

In the context of intense business competition, a comprehensive grasp of cost classification and production costing is a pivotal factor in the success of entrepreneurs, particularly those operating micro-enterprises. Training on this topic is crucial to improving entrepreneurs' understanding and skills in managing finances and planning production efficiently (Permatasari et al., 2023). Skills and competencies are essential for MSME owners, especially in business management as planning is required for all businesses (Asiah et al., 2024).

The objective of this training activity on cost classification and production costing was to enhance the capacity and capability of micro business owners. The activity aimed to provide participants with a comprehensive understanding of the various types of costs associated with micro business operations and to equip them with the knowledge and skills to cost production effectively and efficiently. It was hoped that the participants would be able to implement the knowledge and skills gained in this activity to improve the performance and sustainability of their micro businesses (Rismayani et al., 2022).

Kaki Street Food Micro Business is one of the entrepreneurs located in Cimuning Village Mustika Jaya, Bekasi Regency. This business needs development and an increase in sales capacity. However, the business owner has limitations in conducting financial records, especially in calculating production costs (Sugiarti & Purnomo, 2024). Therefore, partners need training on cost classification and production costing as it has a significant impact on the success and sustainability of their business.

Based on partner problems that can be described as follows:

- **Lack of Knowledge and Education:** Many SMEs may not have a formal educational background in accounting or financial management. As such, they may struggle to understand basic concepts such as fixed costs, variable costs, or how to allocate overhead costs.
- **Importance of Daily Operations:** SMEs are often busy with the day-to-day operations of their business, such as production, marketing, and customer service. They may not have the time or resources to thoroughly study concepts related to cost classification.
- **Limited Resources:** SMEs often operate with limited resources, whether in terms of finances, personnel, or infrastructure. Therefore, they may not be able to hire expert staff who can assist in financial management and cost analysis.
- **Lack of Access to Technology and Information Systems:** Sophisticated information systems and financial management software may be too expensive or complicated to implement for SMEs. This can make it difficult for them to properly track and analyse production costs.

- Less Focus on Financial Management: Some SMEs may focus more on the operational or marketing aspects of their business than on financial management. This can result in a lack of realisation of the importance of a good understanding of financial management (Permatasari et al., 2024).
- Difficulty in Determining the Optimal Selling Price: Without a good understanding of production costs, SMEs may struggle to set a selling price that covers all costs associated with their product or service, while remaining competitive in the market.

The purpose of this training activity is one of the partners' efforts to manage operational expenses so that partners can carry out better financial planning, which in turn can support business sustainability. Overall, training on cost classification and production costing is very important for SMEs as it helps them manage their business more efficiently (Fiddin et al., 2022), make better decisions, improve competitiveness, and maintain business sustainability in the long run.

METHOD

By addressing these issues through education, training, and better access to resources and technology, SMEs can improve their understanding of cost classification and production costs, which in turn can help them manage their businesses more efficiently and make better decisions. Steps to carry out community service activities related to cost classification and production costs and their overview:

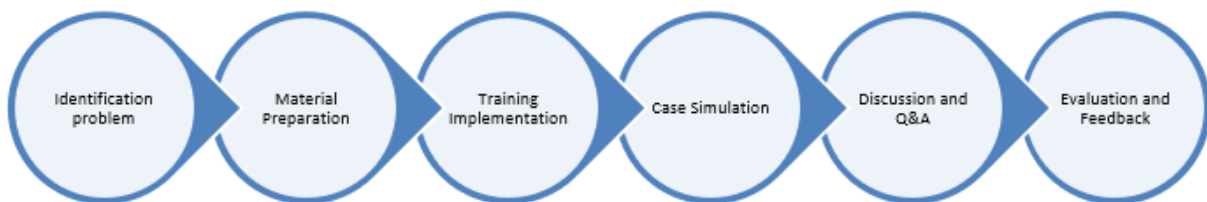


FIGURE 1. Implementation Method

Activity Implementation Steps:

- Partner Identification, survey and analysis of the partner situation regarding cost classification and production costs.
- Preparation of Learning Materials, prepare learning materials that cover the basic concepts of cost classification, production costs, and cost management methods relevant to the SME context. Learning materials should be organised in a clear and easy-to-understand manner, using real-life examples or case studies to clarify concepts (Junedi et al., 2021).
- Training Implementation, conduct training sessions by actively engaging the participants. Use learning methods such as lectures and simulations, to enhance participants' understanding.
- Case simulation, step-by-step simulation on how to perform cost classification and production cost calculation.
- Discussion and Q&A, providing opportunities for participants to ask questions and discuss the topics presented, providing clear and adequate answers to each question, and encouraging meaningful discussion among participants.
- Evaluation and Feedback, evaluate participants' understanding through a simple quiz or additional question and answer session. Ask for feedback from participants to evaluate the success of the event and get suggestions for improvement for future activities.

RESULTS AND DISCUSSION

Kaki Street Food was established on 10 March 2022 and is still running until now. The name of this business is based on the name of the owner and the name of his partner, Ariska and Rizqy, which became "Kaki Street Food". This activity was carried out from 28 until 30 April 2024, The partner location is on Jl. Gondang RT 002 RW 005 Cimuning, Mustika Jaya kec Bekasi city.

The condition of the partners at that time was known through interviews that the partners did not have a deep understanding of the preparation of production costs. Partners understand that production costs are referred to as capital. The team explained the difference between capital and production costs through material presentation. The material contained a classification of costs, where partners were explained about the costs that occur in the production process. Then the presentation continued to explain the components of production costs, namely direct material costs, direct labour costs, and factory overhead costs (Yahya, 2023).

The implementation of the activity was carried out through several stages starting with the identification of partner problems, then conducting exposure related to cost classification and making production cost reports. Furthermore, assistance was carried out by implementing activities with simulated partner cases as well as discussions about the obstacles faced by partners.

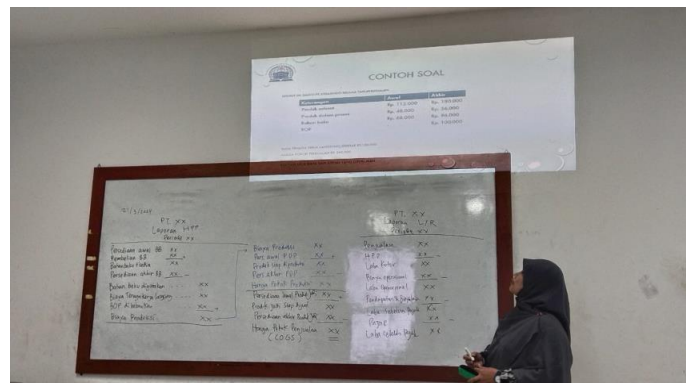


FIGURE 2. Material presentation activities

After the presentation of the material, the next step is to explain the classification and components of production costs, then the partners are invited to simulate the preparation of production cost reports. Partners were asked to implement the presentation results into a simulation of their business production costs in the previous period, namely March 2024. The team assisted partners in preparing production cost reports. At this stage, the partners conducted discussions and questions and answers to the team, starting from the classification of costs to the preparation of production costs.



FIGURE 3. Production process



FIGURE 4. Simulation, discussion and Q&A

With the results obtained in classifying costs, partners have been able to distinguish between direct and indirect costs both in terms of raw material costs and labour costs. After classifying and compiling production cost components, partners can finally compile production cost reports independently. The following is the production cost report of UMKM Kaki Street Food in March 2024.

Table 1. Partner's Production Cost Report

Kaki Street Food Production Cost Statement Period 1 – 31 Maret 2024 (IDR)	
Direct Raw Material Cost	316.000
Direct Labour Costs	300.000
Factory Overhead Costs	
Indirect Raw Material Cost	140.000
Indirect Labour Cost	200.000
Utility Costs	93.000
Total Production Cost	1.049.000

Source: Kaki Street Food, data processed 2024

The results of the activity demonstrate that partners can determine the production costs of their business. The outcomes reflect the partners' decisions regarding the selling price of their products. Consequently, in the future, partners will be able to undertake financial planning related to the fulfilment of raw materials and strategies to increase business profits.

The implementation of a cost classification and production cost analysis activity for street food micro-enterprises in the Bekasi district has provided several important findings and insights. Through a systematic and data-driven approach, this activity successfully identified various cost components and provided recommendations that can improve the efficiency and profitability of micro-enterprises in this sector. The results of this activity provide a solid foundation for street food micro-enterprises in Bekasi District to better manage their costs, improve production efficiency, and ultimately, increase the profitability and sustainability of their businesses. The same results were conveyed in the activities carried out by Agus Saputri & Arisanti (2021) that communication must still be carried out in order to provide feedback on the obstacles faced by partners.

The cost classification and production cost analysis activities for street food micro-enterprises in Bekasi District had a positive impact with improved understanding and financial management skills among partners. While some obstacles need to be overcome, a comprehensive approach and ongoing support can help partners achieve higher efficiency and profitability. The recommendations provided aim to improve the program and ensure sustainable benefits for micro-enterprises in Bekasi District.

CONCLUSIONS AND RECOMMENDATIONS

Community service activities for Kaki Street Food partners have been carried out well, starting with the identification of partner problems in interviews. The problems experienced include the lack of partner knowledge regarding financial management, especially in terms of production costs. To overcome these problems, the team then provided training and assistance related to cost classification and preparation of production cost reports. The results of the activity showed that partners who initially did not have an in-depth understanding of production costs were finally able to compile production cost reports through practical simulations as well as discussions and questions and answers. The partners hope that the service activities can be continued so that the partners' understanding can continue to grow. The next activity is expected that the team can provide assistance related to the preparation of financial reports with the help of applications to make it easier for partners.

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