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An analysis of production cost calculation using the full costing method in sasirangan fabric MSMEs (micro, small, and medium enterprises) in Sasirangan Village, Banjarmasin

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ABSTRACT

This study analyzes the production cost calculation of Sasirangan fabric Micro, Small, and Medium Enterprises (MSMEs) in Sasirangan Village, Banjarmasin, using the full costing method. In the face of increasing competitive pressures, accurate cost determination is essential for MSMEs to set appropriate selling prices and maintain profitability. The research employs a qualitative approach, collecting data through interviews, observations, and documentation from a Sasirangan fabric enterprise, Kantan Sasirangan. The full costing method was applied to comprehensively account for raw materials, direct labor, and factory overhead costs. Findings reveal that labor costs constitute the largest portion of total production costs, reflecting the labor-intensive nature of traditional Sasirangan fabric production, particularly in the whipstitching process. Raw materials represent a significant share, with diverse fabric types used to target various market segments. Factory overhead costs, although smaller, support essential production and marketing activities. The calculated unit production cost is approximately Rp 79,383 per piece, providing a practical benchmark for pricing strategies that balance cultural value and market competitiveness. This research contributes to the understanding of cost management in traditional textile MSMEs and offers practical insights for similar enterprises aiming to preserve cultural authenticity while achieving economic viability.

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1. INTRODUCTION

Competitive pressures in the industrial sector require Micro, Small, and Medium Enterprises (MSMEs) to enhance efficiency in calculating production costs, as the cost of production is the fundamental basis for determining the selling price of their products. Therefore, if entrepreneurs can accurately determine production costs, they will obtain precise cost figures. Controlling production costs accurately is one of the key strategies for entrepreneurs to set appropriate production costs.

In the production process, companies establish the cost of production to serve as a reference for pricing the goods produced by the MSME (Noviasari & Alamsyah, 2020)(Rumambi et al., 2022)(SIREGAR, 2024). The cost of production is tied to a specific time period. The cost of

production will equal the production cost if there is no inventory of work-in-process at the beginning or end of the period. The cost of production refers to the cost of goods purchased for processing until completion, both before and during the accounting period (Rahmawati & Putriana, 2021)(Purwanti, 2023)(Junaidi et al., 2025)(Wuryandini et al., 2025). All these costs are inventory costs. Inventory costs include all product costs that are considered assets on the balance sheet when incurred and subsequently become the cost of goods sold when the product is sold. The cost of goods sold includes all production costs incurred to manufacture the goods sold (Sofia & Septian, 2014).

The primary goal of MSMEs is to achieve profit, and this is also true for Sasirangan fabric MSMEs. Sasirangan fabric businesses are small-scale enterprises operating within specific industries (Permana & Maulina, 2023)(Hidayat, 2024). Typically, they involve only one or two households as centers of production, administration, and marketing simultaneously. In terms of business capital and labor absorbed, they are naturally smaller compared to larger companies (Muliawan, 2008).

Sasirangan fabric has become an attractive alternative for individuals who wish to run their own business. Besides requiring relatively low capital, production can be carried out at home. This business can be started by those already employed as a side business, although some may turn it into their primary occupation. Besides generating personal income, it also creates employment opportunities for others who are unemployed.

Home industries fall under the category of MSMEs (Micro, Small, and Medium Enterprises). According to Rudjito (2009), MSMEs play an essential role in Indonesia's economy, both in terms of job creation and the number of enterprises. As MSMEs grow and face market competition, they must become more effective and efficient in production activities to ensure the quality of their products. Additionally, to compete in the market, MSMEs must price their products fairly.

Profit components include revenue earned from sales of goods or services produced by the company. Costs represent economic sacrifices measured in monetary terms, incurred or expected to be incurred to achieve certain objectives (Anggreani & Adnyana, 2020). Accurate cost allocation aims to charge and measure as precisely as possible the cost of resources used. Normally, the selling price of goods or services must cover the costs incurred by the company to produce them and generate the desired profit. Setting the selling price too high may reduce competitiveness, while setting it too low will not yield a profit.

Determining the production cost is crucial for establishing the selling price and valuing inventory of finished goods and work-in-process on the balance sheet. MSMEs often lack accuracy in determining the selling price of their products due to inaccurate calculation of the production cost, resulting in prices that are either too low or too high. This mispricing leads to discrepancies between expected and actual profits.

One of the most important elements in determining the cost of goods sold is the production cost. To calculate production cost accurately and precisely, MSMEs can use either the full costing or variable costing methods to set the appropriate selling price. Full costing is a method of determining the cost of a product by including all production costs such as direct raw materials, direct labor, variable factory overhead, and fixed factory overhead. Variable costing, on the other hand, includes only variable production costs such as direct raw materials, direct labor, and variable factory overhead (Bastian & Nurlela, 2010).

According to (Anggreani & Adnyana, 2020), full costing is a method that accounts for raw material costs, direct labor costs, and factory overhead costs, both variable and fixed. Thus, full costing presents factory overhead comprehensively, dividing it into fixed and variable overhead. The Sasirangan fabric MSMEs currently calculate production costs using traditional methods or owner estimates. These calculations typically only account for daily raw materials used without including supporting equipment and other production overheads, resulting in suboptimal profit margins.

This study aims to assist by calculating accurate production costs based on established theory, specifically using the full costing method. This approach clearly itemizes all cost elements involved in production. By applying full costing, it is expected that accurate production costs can be determined, enabling Sasirangan fabric MSMEs to set appropriate selling prices and maximize

profits. Based on the above background, the author is interested in conducting a study titled, "Analysis of Production Cost Calculation Using the Full Costing Method in Sasirangan Fabric MSMEs, Sasirangan Village, Banjarmasin."

2. RESEARCH METHOD

Type of Research

This study employs a qualitative research approach, which produces descriptive comparative data in the form of written or spoken words from people and observed behaviors. According to Moleong (2002), qualitative data sources consist of words and actions, while additional data may include documents and other materials.

This qualitative approach also seeks to develop concepts and gather facts without testing hypotheses or using statistical methods. The research process begins with observation of the research subject, followed by comparing the findings with theoretical frameworks to solve problems and draw conclusions.

Research Location and Time

The research was conducted at the Sasirangan Fabric MSMEs in Sasirangan Village, Banjarmasin, located on Sungai Jingah Street, North Banjarmasin District, Banjarmasin City. The study was carried out from April 2025 to July 2025.

Data Collection Techniques

Interviews

This involves freely asking questions, either structured or unstructured, to obtain information about the research object. The interviews were conducted with the owners of Sasirangan fabric to directly identify the costs incurred in producing Sasirangan fabric.

Observation

Observation is a method used by the researcher through direct visual monitoring of the production process activities carried out in Sasirangan fabric making.

Documentation

Documentation includes administrative records, correspondence, memos, agendas, photographs, and other relevant documents.

Data Analysis Techniques

Data analysis techniques are methods used to solve the problem. The Miles and Huberman model is applied by grouping data from in-depth interviews and direct observations gradually to draw conclusions. The qualitative descriptive analysis technique is employed in this study, describing and analyzing based on observations of data obtained from Sasirangan fabric production in Kampung Sasirangan, Banjarmasin. From the collected data, the following data analysis steps can be performed: a) Identifying production cost data, including raw material costs, direct labor costs, and factory overhead costs. b) Evaluating the allocation of cost components based on raw material costs, direct labor costs, and factory overhead costs. c) Preparing and calculating the production costs using the full costing method. The steps in this method include: 1) Collecting production data for a specific period and gathering raw material costs, direct labor costs, and factory overhead costs for that period to compile a production report and calculate equivalent production in order to determine the unit cost. 2) Describing and calculating the production cost according to the full costing method:

Raw material costs:	xxx
Direct labor costs:	xxx
Fixed factory overhead costs:	xxx
Variable factory overhead costs:	xxx
Total production costs:	xxx

3) Calculating the unit cost of each cost element by dividing the specific cost element by the equivalent production of that element. 4) Calculating the overall production cost per unit. d) Drawing conclusions on the appropriate unit production costs in accordance with existing theories.

3. RESULTS AND DISCUSSIONS

Kantan Sasirangan is one of the creative industry enterprises specializing in traditional Sasirangan fabric craftsmanship. This business was established by Sandi Agustinus (25 years old) in 2016, with the concept of B3 (Business, Culture, and Social). The business is located at Jalan Sultan Adam Komplek Kadar Permai 6 No.98 RT.16 RW.02, Kelurahan Sei Miai, Kecamatan Banjarmasin Utara, South Kalimantan. The founding of Kantan Sasirangan was motivated by a love for Indonesian cultural values, which are rich in meaningful and noble significance, one of which is Sasirangan (a characteristic fabric from South Kalimantan). The owner of Kantan Sasirangan aims to develop and preserve Sasirangan so that it remains timeless. This goal led to efforts to alter the old stigma associated with Sasirangan by exploring various aspects of the fabric to make it wearable and acceptable to all social groups. Kantan Sasirangan produces several types of finished products, including processed items, with Sasirangan fabric being the primary raw material. The fabric itself includes various types such as Polisima, Satin, Semi Silk, and Silk. The production process of Sasirangan fabric involves the following stages:

Material Preparation

The first step involves preparing the fabric. The fabric is measured with a ruler to facilitate measurement and cutting. Each piece of fabric is cut to a length of 2 meters. The types of fabric used by Kantan Sasirangan include cotton Polisima, satin, semi-silk, and cotton silk.

Drawing Patterns

Pattern creation is done using specially shaped cardboard according to the desired motif, which is drawn with a pencil. This process requires careful precision.

Stitching / Shiring

The process of stitching or shiring involves sewing the drawn pattern with thread and hand sewing using a temporary whipstitch technique, following the designed motif. During shiring, the thread is pulled tight to make the fabric crinkle, so that during dyeing, the dye does not penetrate the shired (stitched) areas. This shiring process is a distinctive characteristic of Sasirangan fabric.

Dyeing

There are three techniques for dyeing Sasirangan fabric: dipping, colet (dabbing), and a combination of both. Dipping is used to produce a single color by immersing the fabric in dye. Colet involves applying dye to the fabric with a motif using a dabbing technique to create two or more colors. The combined technique (dipping and colet) is used to create base colors.

Removing the Whipstitch

Next, the threads used for shiring are carefully removed by hand and with a pin to prevent damage to the fabric during this process.

Finishing

After all whipstitches are removed, the fabric is washed thoroughly with water until clean.

Sun drying and Ironing

After washing, the fabric is air-dried without direct sunlight. Once dry, the fabric is ironed to give it a neat appearance before being packaged and marketed.

Production Costs of Sasirangan Fabric

Although Kantan Sasirangan has already calculated the cost of producing the fabric, their current method remains simple and does not detail all expenses involved in the production process. The costs considered in the calculation of the unit production cost include raw material costs, direct

labor wages, and overhead costs. However, factory overhead costs are not calculated in detail; instead, some costs are estimated or approximated by the company.

Raw Materials

The primary raw materials used for making Sasirangan fabric are fabric and dye. The monthly usage of these materials at Kantan Sasirangan can be seen in

Table 1. Raw material costs at kantan sasirangan

No.	Material Type	Quantity	Price/m²	Total Cost (Rp)
1	Polisima Cotton Fabric	1 roll	17.500	1.750.000
2	Satin Fabric	1 roll	19.000	1.900.000
3	Semi Silk Fabric	1 roll	20.000	2.000.000
4	Cotton Silk Fabric	1 roll	33.000	3.300.000
5	Dye	1 packet	1.000.000	1.000.000
	Total Raw Material Cost			9.950.000

Source: "Kantan Sasirangan"2025

Labor Costs

The Kantan Sasirangan payroll system is based on each production unit. Each production unit is paid according to its respective salary. Labor costs at Kantan Sasirangan can be seen in the following table:

Tabel 2. Labor costs at kantan sasirangan

No.	Description	Number of Workers	Daily Wage (Rp)	Monthly Wage (Rp)
1.	Production	2 people	75.000	3.000.000
2.	Whipstitching (Jelujur)	3 people	50.000	3.000.000
3.	Product Sewing	2 people	150.000	6.000.000
		Total		12.000.000

Source: "Kantan Sasirangan"2025

Factory Overhead Costs

The following are the factory overhead costs incurred by Kantan Sasirangan:

Tabel 3. Factory overhead costs at kantan sasirangan

No.	Description	Cost (Rp)
1.	Electricity and Water	800.000
2.	Advertising/ Promotion	500.000
3.	Thread	60.000
4.	Needles	100.000
5.	Stationery (Paper, scissors, etc)	50.000
	Total Overhead Costs	1.510.000

Source: "Kantan Sasirangan" 2025

Calculation of Cost of Goods Manufactured Using the Full Costing Method

The calculation of the cost of goods manufactured (COGM) with the full costing method includes all expenses incurred during the production process. After determining the direct raw material costs, direct labor, and factory overhead (both fixed and variable), the unit cost per piece of Sasirangan fabric can be calculated. The steps are as follows:

Description	**Amount (Rp)**
Raw Material Costs	Rp. 9.950.000
Labor Costs :	
Production	Rp.3.000.000
Whipstitching Jelujur	Rp. 3.000.000
Product Sewing	Rp. 6.000.000 +
Subtotal Labor	Rp. 12.000.000
Factory Overhead Costs :	

Depreciation	Rp. 355.000	
Auxiliary Material Costs :		
Needles		Rp. 100.000
Thread		Rp. 60.000
Stationery (paper, scissors, etc.)		Rp. 50.000 +
Subtotal Overhead & Supplies	Rp. 565.000	
Electricity and Water	Rp.800.000	
Advertising / Promotion	Rp. 500.000 +	
	p. 1.300.000	
Total Manufacturing Cost	p. 23. 815.000	
Total Production Output	00 Potomg Kain	
Unit Cost per Piece of Sasirangan Fabric	p. 79.383	

Discussion

This study analyzed the production cost structure of Kantan Sasirangan, a traditional fabric enterprise that integrates cultural preservation with business and social values. The full costing method revealed that labor costs constitute the largest portion of total production costs, followed by raw materials and factory overhead. This cost distribution aligns with findings in artisanal textile industries, where manual craftsmanship significantly influences labor intensity and cost (Beltrán et al., 2025).

The predominance of labor costs (approximately 50% of total costs) reflects the labor-intensive nature of Sasirangan fabric production, particularly in the whipstitching (jelujur) stage, which is critical for creating the fabric's distinctive patterns. Similar observations have been reported in traditional textile sectors, where skilled manual processes limit automation and increase labor expenses (Calzavara et al., 2019). This underscores the importance of investing in workforce training and process optimization to enhance productivity without compromising cultural authenticity.

Raw material costs, accounting for around 42% of total costs, highlight the use of diverse fabric types such as Polisima cotton, satin, semi-silk, and cotton silk. The variation in fabric quality allows Kantan Sasirangan to target different market segments, consistent with product differentiation strategies in creative industries (Huang & Rust, 2021). However, effective inventory management is essential to minimize waste and reduce holding costs, as emphasized by (Chopra & Meindl, 2001).

Factory overhead costs, although relatively small (about 8%), include essential utilities and promotional expenses. The inclusion of advertising costs within overhead reflects the company's strategic focus on market expansion and cultural branding, which is crucial for sustaining demand in niche markets (Gravel, 2009). Future efforts to optimize energy consumption and streamline overhead could further improve cost efficiency.

The unit production cost of approximately Rp 79,383 per piece provides a baseline for pricing strategies. Given the cultural value embedded in Sasirangan fabric, Kantan Sasirangan has the potential to adopt value-based pricing, leveraging its unique heritage to command premium prices (Kapferer, 2012). This approach aligns with the concept of cultural entrepreneurship, where heritage products are positioned as luxury or artisanal goods in global markets (Prebensen, 2007).

Moreover, the company's B3 concept (Business, Culture, and Social) exemplifies a sustainable business model that balances economic viability with cultural preservation and social impact. This integrated approach is increasingly recognized as vital for creative industries aiming to maintain authenticity while achieving commercial success (Vickery, 2015). Limitation the research is study's cost analysis is based on monthly aggregated data and does not account for potential seasonal

variations or detailed cost behavior analysis. Future research could incorporate activity-based costing to provide more granular insights into cost drivers and identify opportunities for process improvements. Additionally, exploring consumer willingness to pay and market segmentation would complement the cost analysis to inform comprehensive business strategies

4. CONCLUSION

The cost analysis of Kantan Sasirangan's traditional fabric production reveals that labor costs represent the largest portion of total manufacturing expenses, reflecting the labor-intensive and artisanal nature of the whipstitching and sewing processes. Raw material costs also constitute a significant share, driven by the use of diverse fabric types to cater to different market segments. Factory overhead costs, while relatively minor, play a supportive role in maintaining production operations and marketing efforts. The unit production cost of approximately Rp 79,383 per piece provides a practical benchmark for pricing strategies that balance cultural value and market competitiveness. Kantan Sasirangan's integration of business, cultural preservation, and social objectives (B3 concept) positions the enterprise to leverage its unique heritage as a source of competitive advantage and potential premium pricing.

To enhance cost efficiency and sustain growth, the company should consider optimizing labor productivity, improving inventory management, and controlling overhead expenses. Further research employing more detailed costing methods and market analysis would support strategic decision-making and long-term sustainability. Overall, Kantan Sasirangan exemplifies how traditional craftsmanship can be successfully integrated with modern business practices to preserve cultural heritage while achieving economic viability. The use of the full costing method provides a more comprehensive and realistic picture of production costs, thereby supporting better managerial decision-making, such as pricing, cost control, and production efficiency evaluation. Therefore, Kantan Sasirangan is recommended to consistently adopt the full costing method in recording and analyzing production costs.

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