Analysis Of Application Of Target Costing Assessment Of Efficiency As A Tool Of Production in UD Kembang Jaya

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Abstract

The purpose of this study aims to determine the application and calculation of cost targets through the target costing approach as a means of assessing the production cost efficiency. Companies can use the target costing method as a solution for management in cost control items, namely to streamline production costs in order to achieve the objectives of the company items, namely to obtain maximum profit. The method of this research is quantitative descriptive method, which is a method that is carried out by collecting, classifying, and interpreting the results of processing the data to describe the results of research and comparing the amount of costs according to the company according to the target costing. Based on the results of the analysis of the calculation of target costing, there is efficiency in production costs at UD Kembang Jaya.

Keywords: Cost Targeting, Production Costs, Cost Efficiency

INTRODUCTION

Development and growth in the business or industry pengelolahan food has increased every year, so the business units or industries are required to compete on a competitive basis. It can be seen from the number of production activities, especially in the field of business or industry pengelolahan food. For that, a business unit or industry should be able to expand its business from being crippled in a competitive business continues to increase. In response, business units or industries should have a role strategies and efforts so that the product quality and the price offered is lower or equal to the price offered in the market. So it takes calculation and planning of production costs more precisely and accurately to produce a product.

UD Kembang Jaya is one business unit or industry, who have difficulty in controlling costs. UD Kembang Jaya is a business unit that specializes in food pengelolahan of producing cassava chips that pemasaranya had to get out of town. Located in the hamlet Tambakrejo Kulon, Karanganom, Pasrujambe. The obstacles faced by UD Kembang Jaya namely cassava raw material price increases, demand from customers fluctuate, increasing competition with similar products, and UD Kembang Jaya who can not change their selling price. According Sinabariba (2018), Target costing is a method of cost control to achieve the expected profit targets of the company. Target costing is able to reduce the cost of the product cycle before production begins so that the desired profitability achieved by the application of value engineering (value engineering). The application of value engineering is used as an alternative to achieve cost-efficient production.

Target costing method, this offers a solution in Kembang Jaya UD in order to achieve profit targets, in line with expectations without raising the price that streamline production and non-production costs. This method aims to determine the value of production cost efficiently in accordance with the selling price and profit expected. Based on the existing problems of the researchers interested in
conducting research titled "Analysis of Target Costing Approach as a Tool for Production Efficiency Appraisal in Kembang Jaya UD"

METHODS
This research uses descriptive quantitative method, a method that is done by collecting, classifying, and interpreting the data processing results to illustrate the results of research and comparing the context or domain than the other one. In this study the researchers compared the amount of charge according to the company with under target costing. The object of this research is the analysis of Target Costing Approach as a Tool for Production Efficiency Appraisal 2018

*Target costing* a method of pricing of goods or services which are based on the estimated maximum price that can be paid by the customer. Calculation of target costing as follows:

\[
\text{Target Cost} = \text{Selling Price} - \text{Earnings expected the company}
\]

The cost efficiency is a measure of the success of an activity as assessed by cost / sources of data used to achieve the desired results

Documentation, which is one method of data collection by proving that the researchers actually do research at UD Kembang Jaya. Records or documents, and take pictures or photos of the production process to finished goods marketed is an example of documentation

Steps in the application of target costing method as follows:

a. Describe the calculation of production costs of the company
b. Analyzing production cost control application with target costing method. Steps for implementing target costing is as follows:
   1) Determining the target costs
      \[
      \text{Target Cost} = \text{Selling Price} - \text{Earnings expected the company}
      \]
   2) Perform value engineering of components of production costs can be lowered without changing the quality of the product, so that the use of more cost efficient.
   3) Comparing the cost calculation analysis was calculated using the rules used by the company during the analysis of the cost calculation of target costing and the amount of cost savings that occur. If the calculation of the production cost of raw material costs, manufacturing overhead and direct labor costs in the fee calculation target costing less than the calculation of the company without changing the quality and quantity of the product according to the cost calculation target costing is said to be efficient.

RESULTS AND DISCUSSION
UD Kembang Jaya is one of the business units or industries engaged in food pengololahan namely cassava chips. UD Kembang Jaya was established in 1997 and chaired by Mr Aminudin as the owner. UD Kembang Jaya is located in the hamlet Tambakrejo Kulon, Karangarum Village, District Pasrujambe, Lumajang, East Java Province. For the marketing of these products initially in Lumajang City, but for many colleagues and friends outside the city, Mr. Aminudin trying to expand pemasarannya. Until now, the products of UD Kembang Jaya had reached islands such as Bali and Lombok.
According to the Company's Production Cost Calculation

**Uraian** | **Jumlah Biaya (Rp)**
---|---

**A. Biaya Produksi**
1. Biaya bahan baku | Rp 1.450.000.000
2. Biaya tenaga kerja langsung | Rp 1.644.000.000
3. Biaya overhead pabrik | Rp 3.913.455.900
**Jumlah Biaya Produksi (1+2+3)** | Rp 7.007.455.900

**B. Biaya Non Produksi (1+2)**
1. Biaya pemasaran | Rp 23.300.000
2. Biaya administrasi dan umum | Rp 208.970.000
**Jumlah Biaya Non Produksi (1+2)** | Rp 232.270.000
**Total Biaya (A+B)** | Rp 7.239.725.900

| Jumlah unit yang diproduksi (dos) | 589.547 |
| Total biaya per dos | Rp 12.280 |

Source: Data UD Kembang Jaya 2018

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**Profit and Loss Statement Kembang Jaya UD 2018**

<table>
<thead>
<tr>
<th><strong>Jenis Biaya</strong></th>
<th><strong>Biaya (Rp)</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Penjualan</td>
<td>Rp 8.548.431.500</td>
</tr>
<tr>
<td>HPP</td>
<td>Rp 7.007.455.900</td>
</tr>
<tr>
<td>Laba Kotor</td>
<td>Rp 1.542.077.600</td>
</tr>
<tr>
<td>Biaya Non Produksi</td>
<td>Rp 232.270.000</td>
</tr>
<tr>
<td>Laba Bersih</td>
<td>Rp 1.308.705.600</td>
</tr>
</tbody>
</table>

Source: Data UD Kembang Jaya 2018

**Profit Margin Calculation per dos**

<table>
<thead>
<tr>
<th><strong>Jenis Biaya</strong></th>
<th><strong>Harga Jual</strong></th>
<th><strong>Biaya per dos</strong></th>
<th><strong>Margin Profit</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Kripik singkong</td>
<td>Rp 14.500</td>
<td>Rp 12.280</td>
<td>15%</td>
</tr>
</tbody>
</table>

Source: Data UD Kembang Jaya 2018

Information:
Profit margin = Selling Price - cost per dos
Product Sales Price = Rp. 14,500 - Rp. 12,280 x 100%
= Rp. 14,500
= 15%
Data Analysis Results

a. Determining Selling Price
   Kembang Jaya UD set the price according to the market price that is equal to Rp.14,500, - per dos. Flavors offered by the original flavor or roast beef, chili flavor Balado and spicy flavor.

b. Determining the Company's expected profit
   Kembang Jaya UD wants profit target of 20% of the selling price in the market.

c. Calculating Target Costing
   \[
   \text{Target cost} = \text{Selling price} - \text{expected profit} \\
   = \text{Rp. 14,500} - \text{Rp. 2,900} \\
   = \text{Rp. 11,600}, - 
   \]

d. Value Engineering
   Rekaya value or value engineering is a method used by the company in cost control to reduce production costs in order to be more efficient without reducing the quality of products produced by business units or industries. Rekaya this value is derived from the cost components that are used in the production process. Here are some of the costs to be engineered, namely:
   1) Supplier replace oil
   2) The use of spices so
   3) Changing the carton and plastic packaging supplier
   4) Efficient use of fuel
   5) Efficient use of office supplies

Comparison of Production Cost Calculation According to the Company with Production Cost Calculation According to Target Costing

<table>
<thead>
<tr>
<th>Uraian</th>
<th>Biaya Menurut Perusahaan (Rp)</th>
<th>Biaya Menurut Target Costing</th>
<th>Cost yang dapat dicapai (Rp)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Biaya Produksi</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Biaya bahan baku</td>
<td>Rp 1,450,000,000</td>
<td>Rp 1,450,000,000</td>
<td></td>
</tr>
<tr>
<td>2. Biaya tenaga kerja langsung</td>
<td>Rp 1,644,000,000</td>
<td>Rp 1,644,000,000</td>
<td></td>
</tr>
<tr>
<td>3. Biaya overhead pabrik</td>
<td>Rp 3,913,455,900</td>
<td>Rp 3,588,360,700</td>
<td></td>
</tr>
<tr>
<td>Total Biaya Produksi (1+2+3)</td>
<td>Rp 7,007,455,900</td>
<td>Rp 6,682,360,700</td>
<td></td>
</tr>
<tr>
<td>B. Biaya Non Produksi (1+2)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Biaya administrasi dan um</td>
<td>Rp 23,300,000</td>
<td>Rp 12,500,000</td>
<td></td>
</tr>
<tr>
<td>2. Biaya pemasaran</td>
<td>Rp 208,970,000</td>
<td>Rp 143,970,000</td>
<td></td>
</tr>
<tr>
<td>Jumlah Biaya Non Produksi (1+)</td>
<td>Rp 232,270,000</td>
<td>Rp 156,470,000</td>
<td></td>
</tr>
<tr>
<td>Total Biaya (A+B)</td>
<td>Rp 7,239,725,900</td>
<td>Rp 6,838,830,700</td>
<td></td>
</tr>
<tr>
<td>Jumlah unit yang diproduksi (dos)</td>
<td>589,547</td>
<td>Rp 589,547</td>
<td></td>
</tr>
<tr>
<td>Total HPP per dos</td>
<td>Rp 12,280</td>
<td>Rp 11,600</td>
<td>Rp11,600</td>
</tr>
</tbody>
</table>

Source: results of data processing

The above list is changing due to the engineering value or value engineering to improve efficiency and save costs. Types of fees will be engineered that factory overhead costs (the cost of cooking oil,
spices, plastics packaging costs and the cost of carton). Before engineered factory overhead cost Rp. 3,913,455,900, -. Meanwhile, after the engineering is done in the amount of Rp. 3,588,360,700, -. The difference between the method of the company with target costing method that is Rp. 325 095 200, -. For non-production costs is the cost of sales or marketing and administrasi and general costs. Non-production costs incurred by Rp. 232,270,000 company, - and after the engineered Rp. 156 470 000, -. Selesih between the cost incurred by the company and costing target cost is Rp. 75.8 million, -

**Comparison of Production Cost Savings**

<table>
<thead>
<tr>
<th>Uraian</th>
<th>Biaya Menurut Perusahaan (Rp)</th>
<th>Biaya setelah dilakukan Efisiensi</th>
<th>Penghematan Biaya</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Biaya Produksi</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Biaya bahan baku</td>
<td>Rp 1,450,000,000</td>
<td>Rp 1,450,000,000</td>
<td>-</td>
</tr>
<tr>
<td>2. Biaya tenaga kerja langsung</td>
<td>Rp 1,644,000,000</td>
<td>Rp 1,644,000,000</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Biaya Produksi (1+2+3)</strong></td>
<td>Rp 7,007,455,900</td>
<td>Rp 6,682,360,700</td>
<td>Rp 325,095,200</td>
</tr>
<tr>
<td><strong>B. Biaya Non Produksi (1+2)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Biaya administrasi dan umur</td>
<td>Rp 23,300,000</td>
<td>Rp 12,500,000</td>
<td>Rp 10,800,000</td>
</tr>
<tr>
<td>2. Biaya pemasaran</td>
<td>Rp 208,970,000</td>
<td>Rp 143,970,000</td>
<td>Rp 65,000,000</td>
</tr>
<tr>
<td><strong>Jumlah Biaya Non Produksi (1+2)</strong></td>
<td>Rp 232,270,000</td>
<td>Rp 156,470,000</td>
<td>Rp 75,800,000</td>
</tr>
<tr>
<td><strong>Total Biaya (A+B)</strong></td>
<td>Rp 7,239,725,900</td>
<td>Rp 6,838,830,700</td>
<td>Rp 400,895,200</td>
</tr>
<tr>
<td>Jumlah unit yang diproduksi (dos)</td>
<td>589,547</td>
<td>589,547</td>
<td>589,547</td>
</tr>
<tr>
<td><strong>Total HPP per dos</strong></td>
<td>Rp 12,280</td>
<td>Rp 11,600</td>
<td>Rp 680</td>
</tr>
</tbody>
</table>

Source: results of data processing

Data savings ratio of these two methods. Number of these cost savings derived from the difference between the costs incurred Kembang Jaya UD with the use of target costing method. Saving the cost of production and non-production that can be achieved Rp. 325 095 200, - and Rp. 75.8 million, -. To determine the amount of cost savings per dos ie by totaling the cost of production and non-production and then divided by the number of units sold (Rp. 325 095 200, - + Rp. 75.8 million, -. / 589 547 = Rp. 680, - per dos). Observation of perdos then the cost of Rp. 680, -
Comparison According to the Company, Target Costing and Cost can be achieved by 2018

<table>
<thead>
<tr>
<th>Uraian</th>
<th>Perusahaan</th>
<th>Target Costing</th>
<th>Cost yang dapat dicapai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Laba Bersih</td>
<td>Rp 1.308.705.600</td>
<td>Rp 1.709.686.300</td>
<td>Rp 1.709.600.800</td>
</tr>
<tr>
<td>Jumlah Unit yang terjual</td>
<td>589.547</td>
<td>589.547</td>
<td>589.547</td>
</tr>
<tr>
<td>Laba Bersih/dos</td>
<td>Rp 2.220</td>
<td>Rp 2.900</td>
<td>Rp 2.900</td>
</tr>
</tbody>
</table>

Source: results of data processing

The sales data according to the company, target costing and cost can be achieved Rp. 8.548.431.500 with a selling price Rp.14.500, - per dos. Kembang Jaya UD set the price of goods sold of Rp.7.239.725.900, -. The results obtained from the total cost of production (raw material costs, direct labor costs and factory overhead costs) and non-production costs (general and administrative expenses and cost of pemasaran or sale) of Rp. 12.280, - per dos. According target costing, amounting to Rp 6.838,745,200, - the results obtained from the target cost multiplied by the number of units sold (Rp. 11.600, - x 589 547). Meanwhile, according to the cost that can be achieved is Rp. 6,837,830,700, -. The results obtained from rekaya value on the cost of production and non-production. Difference of sales and cost of sales is the net profit obtained. Then divided by the unit of production, Rp.2.220, - per dos is the net profit obtained Kembang Jaya UD, Rp.2.900, - per dos is the profit achieved by the target costing, while USD. 2.900, - per dos is the profit that can be obtained according to the costs that can be achieved.

Discussion

The use of target costing method in this research is to streamline costs Kembang Jaya UD during the production process. How to streamline production costs in Kembang Jaya UD with ways to save and reduce production costs. Target costing method itself has many benefits for the control of production costs. It is a solution for the management company if it has a problem with pengendalian costs. In an effort to save and reduce the cost incurred by the company, method used is the application of engineering value or value engineering. Value engineering or engineering value was an attempt by the company to change or modify the costs deemed necessary to be pressured to obtain a lower cost than previous costs without reducing the quality or the company still provides optimal efforts to customers. The results of the above study is by using the method of target costing approach, gained success in the implementation process and perhitunganya. The results also sebandingan with previous studies conducted by Gerungan (2013) and Kusumadewi (2017). The use of target costing enable the company to make cost savings that are less efficient production costs. the success obtained in the process of applying and perhitunganya. The results also sebandingan with previous studies conducted by Gerungan (2013) and Kusumadewi (2017). The use of target costing enable the company to make cost savings that are less efficient production costs. the success obtained in the process of applying and perhitunganya. The results also sebandingan with previous studies conducted by Gerungan (2013) and Kusumadewi (2017). The use of target costing enable the company to make cost savings that are less efficient production costs.
CONCLUSION
The conclusion that can be drawn from the analysis and discussion in this research that the calculation method of target costing shows that the efficiency of the production costs and profit targets that can be achieved UD Kembang Jaya. The results obtained from the differences in the calculation of target costing the company calculations.

REFERENCES


