The 2nd International Student Conference on Economics and Business Excellence (ISCEBE) 2025
e-ISSN: 3090-4811
Vol. 2/AC-ISCEBE (2025)

FULL COSTING METHOD AS A DETERMINANT OF GOODS PRODUCED AT MAMATE OUTFIT (Case Study on Ghania Dress)

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Abstract

This study is based on the objective to determine the calculation of cost of goods produced used by Mamate Outfit and compare it with the cost of goods produced based on the full costing method. To find out the extent of the difference in the determining the cost of production, this study uses one of the samples from the Mamate Outfit collection, namly the Ghania Dress. The type of research used is qualitative research with a descriptive analysis approach. Primary data is obtained from observation activities and direct interviws with the owner of Mamate Outfit related to production cost information, such as raw material costs, labor cost, and factory overhead costs. While secondary data is in the form of boutique expense record, books, journals related to research and other sources of information that are still relevant to research. The results showed that there was a difference in the production cost of Ghania Dress in one production between the method used by the Mamate Outfit and the full costing method. In the calculation of Mamate Outfit, the total production cost is Rp. 2.310.000, and compared to the full costing method, the total cost is higher at Rp. 2.413.900. The difference in costs occurs because Mamate outfit does not add the cost of sewing machine depreciation and there are differences in the calculation of electricity cost at the cost of good produced. So in calculating the cost of production of Mamate Outfit only adds the cost of raw materials, labor, complementary costs, electricity costs, and tool regeneration.

Keyword: Production Cost, Cost of Goods Produced, Full Costing Method

Introduction

The business world has made significant progress over time, which has automatically created competition in various fields. This phenomenon requires business leaders to be creative and develop cutting-edge strategies and methods to ensure business continuity. Basically, the purpose of businessis to generate profit. The profitability of a business of course closely related to efficiency in the management of financial statements, especially the problem of production cost. This is because information about production cost must be processed according to accounting principles to help business leaders accurately calculate the cost of good produced.

The cost of production is mostly determined by the calculation of production costs and accumulated costs. These results are then used to set the selling price of goods or sevices for consumers. The selling price is certainly decided based on the cost of production because production cost calculation is one of the most important aspects of selling price policy. Additionally, the relationship between quality and price must be realistic to be competitive and attract consumers (Noviasari & Richad, 2020). For the reasons, determining the cost of production and the selling price significantly impacts sales, especially if the production volume is large, resulting in profit for businesses.

However, field observations show that some businesses, especially micro, small, and medium enterprises, still ignore produdtion cost calculations. These businesses are less accustomed to recording or preparing financial reports that reflect their activities and position. Production costs are the expenses a company incurs to produce or services, including raw material costs, labor costs, and overhead costs. The outcome of calculating these costs can be used by the company to analysis and evaluation of profit and loss (Ningsih et al, 2023). Therefore, it is crucial for business leaders to understand and riview production cost calculation to maintain business operational continuity and improve financial performance.

In general, there are two methods used to calculate the cost goods produced, namely full costing and variable costing. The full costing method is a cost calculation concept theat involves all elements of production

costs, bost variable costs and fixed costs (raw material costs, direct labor costs, and overhead costs) into the costs of good produced. In contrast, variable costing focuses on calculating raw material and variable production costs, whisch change depending on the production volume (Karyadi and Murah, 2022). Of the two calculation methods, this research will focus on using the full costing method to determine the costs of production. This method was chosen because it facilitates the comprehensive calculation of cost per unit of product and cost of goods produced, including all activities related to the production process.

Several previous researchers have studied the full costing method for determining the cost goods produced, For example, Astuti et al. (2020) found that the full costing method improves the accuracy of cost calculations, helping companies indentify indirect cost not recorded in accounting systems. Furthermore, Tandi and Daniel (2022) research found that the advantages of using the full costing method to determine the cost of goods produced are generally accepted by outsiders because the method is easy to understand. Additionally, the cost calculation presented by this method is more detailed because it includes all production costs. According to Utama et al. (2024), the full costing method is very profitable for companies because it help them set selling prices, which has a significant impact on profitability.

Mamate outfit is one of the micro, small and medium enterprises (MSME) in the fashion industry, especially women's clothing. It is located in Ponggok Village, Ponggok Subdistrict, Blitar Regency. Mamate outfit produces several items of clothing, such as long dress, blouse, and inner dress, in its business operations. Of course, Mamate outfit calculated production costs, which is important for determining the selling price. This ensures that price not only covers production costs, but also generates a profit. In order to generate the expected profit, Mamate outfit must accurately determine the cost of good produced in order control to propely control the cost incurred due to production activites.

Based on the temporary survey result, Mamate outfit records production costs in a way, raw material costs and OK (people per activity) or labor costs are added to machine operating costs. From the recording, it is possiblr that other costs need to be included. Therefore, it is necessary to record precise methods for calculating the incurred costs. This is important because the calculation of production costs affects the selling price of the product.

In line with this background, this research focuses on the Mamate outfit clothing business to determine how they calculate the cost of good produced and compare it with the full costhing method. Thus, this research will discuss "Full Costing Method as a Determinant of the Cost of Good Produced for Ghania Dress"

Methods

The type of research used is qualitative research with a descriptive analysis approach. Primary data is obtained from observation activities and direct interviws with the owner of Mamate Outfit related to production cost information, such as raw material costs, labor cost, and factory overhead costs. While secondary data is in the form of boutique expense record, books, journals related to research and other sources of information that are still relevant to research. After the analysis of primary data and secondary data is complete, the data is then presented in narrative form using a descriptive analysis strategy.

Result and Discussions

This reseach focuses on calculating the cost of goods produced by Mamate outfit in one production run with a production quantity of fifteen Ghania dress. To determine the cost goods produced in one run, a complete production cost record is needed. This record is created by adding up all raw material, labor, and factory overhead costs.

1. Raw Material Cost

Raw material costs are the total expence incurred by a company to obtain materials for production activities. In the process of making a ghania dress, 36 meters of border cotton fabric are needed per production. The following is a breakdown of the raw material costs for producing 15 ghania dress.

Table 1. Raw Material Cost Per Production a Ghania Dress

No	Size Category	Quantity	Unit Price	Total	Total Price
1.	Size S	2,3 meters	Rp. 50.000	5 cut	Rp. 575.000
2.	Size M	2,4 meters	Rp. 50.000	5 cut	Rp. 600.000
3.	Size L	2,5 meters	Rp. 50.000	5 cut	Rp. 625.000
Total cost per one-time production					**Rp. 1.800.000**

Source: Data processed, 2025

2. Direct Labor Cost

Labor costs are incurred based on the fulfilment of obligations as a form of company reward for employee performance during the production process. Mamate outfit usually budgets labor costs by calculating the cost per item of cloting and multiplying it by the number of item produced, which is a total of fifteen ghania dress, Here are the details of labor costs for producing ghania dress.

Table 2. Direct Labor Cost Per Production a Ghania Dress

No	Labor Name	Wage	Total	Total Price
1.	Sewing Labor	Rp. 25.000	15 cut	Rp. 375.000
Total cost per one-time production				**Rp. 375.000**

Source: Data processed, 2025

The calculation of direct labor cost in oone production of ghania dress is worth Rp. 375.000. So each wage earned for 3 employees, namely Rp. 375.000 : 3 (people) = Rp. 125.000.

3. Factory Overhead Cost

There are two categories of factory overhead cost. They are variable overhead cost and fixed overhead cost.

a. Variable overhead cost

The cost of complementary or auxiriary materials is included in the variable overhead cost category for the production of ghania dress. Each of these costs is calculated once per production.

Table 3. Variable Overhead Cost Per Production a Ghania Dress

No	Complementary Cost	Quantity	Unit Price	Total Price
1.	Thread and accessories	15 cut	Rp. 5.000	Rp. 75.000
2.	Clothing labels	15 cut	Rp. 1.000	Rp. 15.000
3.	Plastic packing	15 cut	Rp. 500	Rp. 7.500
Total cost per one-time production				**Rp. 97.500**

Source: Data processed, 2025

In addition to complementary costs, there are other variable overhead costs, namely electricity costs. At mamate outfit, electricity costs are budgeted based on production, which is estimated at 15 pieces of cloting with an estimated value of Rp. 500 per piece. So that the total electricity cost for mamate outfit is Rp. 7.500.

Meanwhile, according to Regulation No. 7 of 2024 by the Minister of Energy and Mineral Resources of the Republic of Indonesia concerning electricity tariffs provided by PT Perusahaan Listrik Negara (PLN) for business class B1 (small businesses), the tariff is Rp. 535/kWh. So if multiplied by the power and duration of use it becomes Rp. 535 x 100 watt x 5 hours = Rp. 176.500. The following is a summary of electricity costs for ghania dress production activities.

Table 4. Electricity Cost

Description	Usage/month	10% usage
Sewing machine electricity	Rp. 176.500	Rp. 17.650
Total Elecricity Cost		**Rp. 17.650**

Source: Data processed, 2025

b. Fixed overhead cost

The category of fixed overhead costs in ghania dress production process includes depreciation costs fo the equipment and machinery used, which reduces the value of equipment. According to Baridwan (2014) in his book "Intermediate Accounting", the calculation of depreciation cost can be done by utilizing the straight-line method, ass follows:

$$depreciation\ expense = \frac{purchase\ price - residual\ value}{economic\ age}$$

The residual value of the sewing machine depreciation is calculated as zero. The following is a breakdown of the sewing machine depreciation cost using the straight-line method

Table 5. Sewing Machine Depreciation Cost

Machine	Unit price	Total unit	Phurchase price	Lifetime/year	Depreciation/ year
Sewing machine	Rp. 3.000.000	3	Rp. 9.000.000	8	Rp. 1.125.000
Total Machine Depreciation Expense/year					**Rp. 1.125.000**
Total Machine Depreciation Expense/month					**Rp. 93.750**

Source: Data processed, 2025

As show in the table, the the total depreciation of three sewing machine in a one-month period is Rp. 93.750. So, the depreciation expense for each sewing machine is Rp. 31.250.

c. Machine maintenance cost

This cost is allocated to the cost of maintaining the sewing machines in case of damage during production activities. The budget is Rp. 10.000 per machine.

Table 5. Sewing Machine Maintenance Cost

Description	Price/unit	Total unit	Maintenace cost
Machine maintenance	Rp. 10.000	3 mesin	Rp. 30.000
Total sewing machine maintenance cost			**Rp. 30.000**

Source: Data processed, 2025

The total maintenace cost for the three sewing machines wa faound to be Rp. 30.000. And the maintenace fee is basically charged by the Mamate outfit to replace the cost of tool depreciation.

4. Calculation the Cost of Good Produced Acorrding to the Mamate Outfit

The following is the cost calculation for goods produced by Mamate outfit in one production process with an average of 15 pieces of clothing.

Table 6. Cost of Goods Produced According to Mamate Outfit

Size Category	Quantity	Unit Price	Total	Total Price
Raw Materials Cost				
Size S	2,3 meters	Rp. 50.000	5 cut	Rp. 575.000
Size M	2,4 meters	Rp. 50.000	5 cut	Rp. 600.000
Size L	2,5 meters	Rp. 50.000	5 cut	Rp. 625.000
Other Cost				
OK sewing	15 pcs	Rp. 25.000		Rp. 375.000
Thread and accessories	15 pcs	Rp. 5.000		Rp. 75.000
Clothing labels	15 pcs	Rp. 1.000		Rp. 15.000
Plastic packing	15 pcs	Rp. 500		Rp. 7.500
Electricity cost	15 pcs	Rp. 500		Rp. 7.500
Machine maintenance cost	15 pcs	Rp. 10.000		Rp. 30.000
Total cost of goods produced according to Mamate outfit				**Rp. 2.310.000**

Source: Data processed, 2025

Judging from the cost deatails attached to Ghania dress, it was found that the calculation of the cost goods produced at the Mamate outfit did not include the cost of tool depreciation. In other word, the boutique only budgets Rp. 10.000 for maintenance of each tool. As for the cost category, “OK sewing” stands for “people per activity”. Another term for labor costs. Sewing wages are recorded as Rp. 25.000 per piece. Therefore, if we add the cost of raw materials and other cost (Rp. 1.800.000 + Rp. 510.000), we obtain a total of Rp. 2.310.000. So, the production cost for 15 piece of clothing is Rp. 154.000.

5. Calculation the Cost of Goods Produced by Full Costing Method

Based on the research focus, the cost of production of ghania dress is calculated using the full costing method, which involves all production cost elements. The following are details the calculation of cost the cost of good produced using full costing method.

Table 7. Cost of Goods Produced by Full Costing Method

Description		Total
Raw Material Cost		
	Raw materials cost *Ghania Dress*	Rp. 1.800.000
Direct Labor Cost		
	Sewing labor cost	Rp. 375.000
Factory Overhead Cost		
BOP Variable		
	Complementary cost	Rp. 97.500
	Electricity cost	Rp. 17.650
BOP Fixed		
	Depreciation cost	Rp. 93.750
	Machine maintenance cost	Rp. 30.000
Total Cost		**Rp. 2.413.900**
Total Production		**15**
HPP Per one-time Production *Ghania Dress*		**Rp. 160.927**

Source: Data processed, 2025

In line with the table showing the results of the cost of production calcutation based on the full costing approach, the results is a difference from those of the Mamate outfit calciulation method. The cost of producing one ghania dress using the company method is Rp. 154.000, while the full price calculation results are Rp. 160.927. Although the difference of Rp. 6.927 is not significant, it can still be considered when determining the selling price.

Conclusion

The study found that the Mamate Outfit has calculated production costs. However, there is a difference between the calculation method used by Mamamte outfit and the full costing method. According to Mamate outfit calculation, the total production cost is Rp. 2.310.000. Compared to the full costing method, the total is higher at Rp. 2.413.900. The price difference occurred because the cost of goods produced at Mamate outfit did not include the depreciation cost of the sewing machines. Instead, a tool regeneration cost budget of Rp. 30.000 was allocated for three sewing machines. Additionally, the difference is caused by the different ways electricity costs were calculated. Previously, mamate outfit only estimated electricity costs at Rp. 500/piece.

e-ISSN: 3090-4811
Vol. 2/AC-ISCEBE (2025)

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