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Research Paper

Enhancing Pricing Accuracy and Cost Efficiency Through Full Costing: Evidence from an Indonesian Culinary MSME

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Abstract

Reliable product-cost information is important for culinary micro, small, and medium enterprises (MSMEs), yet simplified costing records may omit shared manufacturing overhead and overstate the margin available for pricing decisions. Previous full-costing case studies primarily compare calculated production costs, leaving the distinction between more complete cost recognition and observed improvements in pricing or efficiency insufficiently established. This study reconstructs March 2025 manufacturing costs for three products at Pempek Feri Palembang using a descriptive documentary comparison of enterprise-reported costs and full-cost estimates. Company-method costs total IDR 14,456,000 across adaan, lenjer, and telur, compared with IDR 15,531,715 under full costing, an increase of IDR 1,075,715 (7.44%). The product-level increases are IDR 378,207 (7.57%), IDR 397,113 (8.37%), and IDR 300,395 (6.37%), respectively. Against reported revenue of IDR 46,550,000, illustrative gross margins decline from 68.95% to 66.63% if period production cost is assumed equal to cost of goods sold. These findings demonstrate a more inclusive accounting cost base, not observed changes in actual selling prices or physical production efficiency. The case contributes an evidence-bounded distinction between manufacturing-cost completeness, price-setting information, and realized operating outcomes.

Keywords: *Absorption costing, Manufacturing overhead, Cost completeness, Pricing decisions, Culinary MSMEs, Indonesia*

INTRODUCTION

For resource-constrained culinary MSMEs, cost information is not merely an accounting output: it is a decision input that helps owners assess whether prevailing selling prices recover the resources consumed in production. Simplified costing is operationally convenient, yet its usefulness depends on which costs are omitted and whether those omissions are material. The central issue is therefore not whether a comprehensive costing figure is always higher, but whether the costing procedure is transparent, reproducible, and suitable for the managerial decision at hand.

The analytical problem is especially consequential for enterprises that sell several products made with shared facilities. A proprietor may track ingredient purchases and daily cash receipts yet lack a consistent method for allocating common utilities, kitchen occupancy, equipment depreciation, and ancillary supplies. The resulting product-cost figures can appear precise because they are expressed in currency, even when their coverage is incomplete. Such false precision matters when management compares product margins, decides which menu items to promote, or negotiates prices with resellers. The issue examined here is therefore not whether a microenterprise can perform sophisticated accounting, but whether a transparent and proportionate costing procedure can reduce avoidable information gaps.

This distinction also clarifies the case's relevance to social entrepreneurship practice. Financial resilience in a small culinary enterprise can support the continuity of livelihoods, local procurement, and employment. Nevertheless, these broader social outcomes are not measured in the present dataset. They motivate examining cost-information quality, not serve as a basis for asserting that a particular accounting method has already generated social impact.

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Recent Indonesian studies examine full costing as an input to cost-plus selling-price calculations (Nirwono et al., 2023; Saputra & Apsari, 2024). The present case extends that discussion by distinguishing the numerical reconstruction of production costs from evidence on actual price changes, consumer demand, and resource savings. In a multi-product culinary setting, this distinction matters because common manufacturing costs are shared across product categories.

The cited cost studies differ in their operational emphasis. Nirwono et al. (2023) and Saputra and Apsari (2024) explicitly link production-cost calculation to cost-plus selling-price determination. Melani et al. (2025), by contrast, frame the issue by comparing full and variable costing, highlighting that the appropriate cost measure depends partly on the decision being made. These contributions should not be read as interchangeable evidence of higher realized profitability. Their common contribution is to demonstrate the importance of identifying cost categories and specifying the costing convention before drawing pricing conclusions.

Dlamini (2024) situates costing within the broader literature on management accounting in small businesses, where the availability and use of accounting information are key considerations. In the present analysis, the immediate empirical question is narrower: how much the recorded production-cost estimates change when additional manufacturing overhead is included.

The literature can be organized into three analytically distinct claims. First, full costing may improve the completeness of manufacturing-cost recognition relative to an enterprise's incomplete internal worksheet. Second, more complete costs may improve the informational basis for pricing, although actual pricing accuracy also depends on market demand, competitors, target margins, and realized transactions. Third, cost visibility may reveal opportunities for efficiency, but it does not, in itself, demonstrate reduced resource use. Previous work and the present manuscript often move too quickly from the first claim to the second and third. The present study addresses that inference gap by reporting observed accounting differences separately from prospective managerial implications.

A further implication follows from the difference between descriptive and evaluative research. Demonstrating that two costing methods yield different totals is a descriptive finding. Determining which method is more decision-useful requires an explicit criterion, such as completeness of manufacturing-cost recognition or traceability of overhead assignments. Demonstrating a causal improvement in efficiency requires a different design, including before-and-after resource-use evidence or a credible comparator. This paper deliberately confines its strongest conclusion to the first two levels, while treating subsequent pricing and efficiency consequences as hypotheses for further evaluation.

The study asks: (1) Which manufacturing cost categories are omitted from the enterprise's existing calculations? (2) How do full-cost estimates differ at the product level? (3) What can and cannot be inferred about gross profit, pricing decisions, and cost efficiency from the available March 2025 records? Its contribution is an evidence-bounded assessment of absorption-costing implementation in a traditional Indonesian culinary enterprise, rather than a causal claim that the costing method itself improves financial performance.

LITERATURE REVIEW

Cost accounting practices and the informational problem

Small enterprises weigh the administrative simplicity of informal cost calculations against the traceability of more systematic records. When overhead is material, omitting rent, production utilities, or equipment-related costs can understate the resources assigned to products. Dlamini (2024) places this information problem in a broader management-accounting context. In a multi-

product kitchen, shared production resources further complicate the allocation of indirect costs to individual product lines.

Informal systems may be rational responses to time and staffing constraints. A business owner who manages procurement, production, sales, and payroll may prefer calculations that can be completed quickly. Yet a low-cost recording system becomes problematic when its omissions are systematic rather than random. Costs that occur monthly, such as rent and depreciation, may be invisible in a daily production worksheet, even though the associated production resources are continuously consumed. The accounting challenge is to incorporate these costs without imposing an administrative burden that outweighs the value of better information.

The usefulness of a costing method depends on the enterprise's cost structure and the decision at hand. Differences in product mix, batch size, labor arrangements, and the use of shared assets limit direct comparisons of cost percentages across enterprises. Consequently, the present analysis emphasizes the accounting boundary used for cost recognition and the observed differences in reported product schedules.

Full costing versus alternative cost concepts

Under full or absorption costing, inventoriable manufacturing costs include direct materials, direct labor, variable manufacturing overhead, and allocated fixed manufacturing overhead. This differs from a simplified owner-prepared calculation that may omit indirect manufacturing costs. It also differs from variable costing, which excludes fixed manufacturing overhead from product cost in certain internal analyses. These methods answer different questions; a full-cost figure should not be described as universally superior for every short-run decision. For example, a special-order decision may require incremental rather than fully allocated cost information. Melani et al. (2025) provide a context for contrasting full and variable costing, subject to verification of the article’s detailed findings.

Absorption costing and variable costing address different questions. Full costing is useful for assigning the period's manufacturing resource costs to output and for establishing a cost-recovery baseline. Variable costing separates fixed manufacturing overhead from variable production costs and can support short-run contribution analysis. Neither approach is universally superior for every pricing decision. For instance, an incremental order accepted when idle capacity exists may be evaluated differently from a long-term price intended to recover fixed production infrastructure. The study therefore evaluates completeness under the full-cost convention rather than declaring all alternative costing methods inaccurate.

Manufacturing cost comprises production-related resources; general administration, marketing, and distribution expenses are not automatically included in manufacturing overhead. The documentary reconstruction follows the manufacturing-cost categories reflected in the case's reported product figures. Because detailed overhead-pool and cost-driver schedules are not available in the analyzed material, the reconstructed amounts are treated as reported full-cost estimates rather than as independently validated causal allocations.

Shared manufacturing overhead is typically allocated using a basis that approximates resource use, such as labor time, machine use, or production volume. Different bases can change the distribution among products even when the aggregate overhead pool remains unchanged. This methodological distinction is relevant to the three pempek categories because the reconstructed adjustments vary by product.

Allocation bases should reflect plausible resource consumption. Direct labor hours may be informative when production work drives overhead, whereas equipment hours may better represent energy-intensive processes. Floor area can be appropriate for occupancy-related costs if products occupy distinct spaces, and production batches may be relevant for setup-related

expenditures. The availability of records also matters: a theoretically refined driver is not operationally useful if the enterprise cannot observe it reliably. A practical protocol should disclose each pool, its monthly amount, the chosen driver, the denominator, and the resulting product allocation.

Sensitivity analysis is especially important when several products share a facility. An allocation that shifts product rankings under modest changes in driver assumptions should not be presented as a stable economic truth. In this case, the reported allocations are treated as provisional until the supporting quantities and driver records are made available. This restraint is essential because the total overhead adjustment can be reconciled arithmetically, while its distribution across individual products remains contestable.

Pricing accuracy is not equivalent to cost completeness

Research on cost-plus pricing links production-cost calculations to proposed selling prices (Nirwono et al., 2023; Saputra & Apsari, 2024). These calculations offer a cost-recovery benchmark, but they do not, on their own, indicate whether prices are optimal or whether a business has actually changed its prices. Pricing accuracy in an observed behavioral sense requires selling-price records and an explicit comparison standard.

Pricing decisions also involve demand elasticity, product differentiation, competitors' offers, distribution commissions, and perceived value. Full manufacturing cost can inform the minimum sustainable revenue requirement over an appropriate horizon, but it cannot determine an optimal market price in isolation. Thus, the manuscript's title uses 'pricing accuracy' in a decision-support sense: better coverage of production costs can reduce the risk of setting prices based on an incomplete cost base. It does not imply that the study observed price changes, measured pricing errors against a market benchmark, or established that customers would accept a revised price.

This distinction yields a practical evaluation sequence. First, establish a consistent product cost. Second, reconcile that cost with the observed selling price and actual units sold. Third, calculate contribution and gross margin using clearly defined conventions. Fourth, examine whether feasible prices cover costs under expected demand. Without product-specific selling prices and quantities, the current case supports only the first step and a limited aggregate margin illustration.

Cost visibility versus realized cost efficiency

An increase in reported production costs after including omitted overhead does not mean production became less efficient; conversely, it does not demonstrate that full costing improved efficiency. Efficiency is the relationship between inputs and outputs and must be measured using indicators such as cost per comparable unit, material yield, labor hours per batch, energy per unit, or waste rates over time. Full costing can improve the visibility of cost categories that management may later target, but a reduction in actual input consumption requires separate longitudinal or operational evidence.

Cost visibility can enable efficiency-oriented actions, but information alone does not save electricity, shorten production time, or reduce ingredient waste. A stronger efficiency test would measure resource inputs per unit of acceptable output before and after a defined intervention. Relevant indicators could include fish and flour yields, spoilage rates, labor minutes per batch, electricity per cooking cycle, and rework frequency. The present accounting comparison lacks such time-series measures. Accordingly, 'cost efficiency' is discussed as a management opportunity made more observable by full costing, not as an outcome already demonstrated.

Moreover, an apparent decline in accounting gross margin does not necessarily indicate that the enterprise became less operationally efficient. If the same production activity is measured with

a broader cost boundary, the reported margin falls mechanically even as physical inputs and cash expenditures may remain unchanged. This observation is central to interpreting the results fairly: the difference is an informational correction, not necessarily a real change in operating performance.

Cross-study synthesis and boundaries of transferability

The studies discussed here share an interest in making manufacturing costs more visible, but they address different decisions. Nirwono et al. (2023) and Saputra and Apsari (2024) emphasize cost-plus pricing, whereas Melani et al. (2025) compare full and variable costing. These approaches can be complementary: absorption costing supports a comprehensive view of manufacturing costs, while variable costing can support decisions that depend on contribution and incremental cost. The present study adds a three-product comparison and explicitly separates reconstructed accounting differences from unmeasured pricing and efficiency outcomes.

The cross-study comparison shows convergence on the usefulness of explicitly recognizing overhead, but less agreement on the managerial consequences of doing so. Studies emphasizing cost-plus pricing often infer that a higher calculated cost justifies revisiting selling prices. Studies distinguishing costing conventions suggest that managers may need multiple cost views for different decisions. The broader management-accounting literature highlights organizational capability and record quality. These positions are complementary when properly bounded: full costing addresses coverage, alternative cost views address decision relevance, and management-accounting capability determines whether the information is maintained and used.

What remains insufficiently established is the pathway from recognizing an omitted cost to achieving measurable business improvements. This is not merely a lack of another case example; it is a mismatch between the type of evidence reported and the outcomes claimed. A comparison of two accounting totals does not directly observe a pricing decision, a resource-efficiency gain, or a change in long-run survival. This study responds by explicitly separating observed costing differences from plausible managerial implications.

Literature Gap and Theoretical Framework

Three connected gaps motivate the case. The measurement gap concerns insufficient disclosure of overhead recognition and allocation procedures in simplified MSME costing comparisons. The inference gap concerns the tendency to equate more complete product costs with demonstrated pricing accuracy and operational efficiency. The contextual gap concerns how shared production resources are allocated among distinct products in a traditional culinary MSME. The study addresses the first and third gaps descriptively and clarifies, rather than claims to resolve, the second gap because no before-and-after pricing or efficiency outcomes are observed.

The measurement gap is particularly concrete. A reader cannot assess product-level precision unless the overhead categories, source documents, allocation drivers, and production quantities are disclosed. The inferential gap arises when studies describe a cost recalculation as an improvement in pricing or efficiency without observing the corresponding decisions or operational indicators. The contextual gap concerns how these accounting choices operate in a small, multi-product culinary enterprise, where shared cooking resources make allocation difficult. The case is selected to examine these connected problems in a specific operational setting, rather than to establish national prevalence.

The resulting contribution is both methodological and practical. A transparent reconciliation can reveal where the evidence is strong, where arithmetic needs correction, and where the available records do not justify stronger claims. This narrower but more defensible contribution is preferable to presenting a single-case costing exercise as causal proof of enterprise-wide financial

improvement.

The conceptual reasoning follows an information-to-decision sequence: identification of manufacturing resources → classification and allocation → product-level cost estimates → evaluation of existing prices and margins → potential cost-control actions. The first three stages can be assessed using production and accounting records. The last two require independent pricing and operating-performance evidence. This framework is more consistent with a descriptive case study than with statistical hypotheses about causal performance effects.

The framework distinguishes four levels: resource recognition, cost attribution, managerial interpretation, and observable performance. At the first level, direct and indirect manufacturing expenditures are identified. At the second, shared overhead is assigned to product groups using explicit drivers. At the third, the owner can compare revised costs with current prices and assess whether existing margins are sufficient. At the fourth, a later study would observe actual pricing revisions, waste reduction, productivity, and financial outcomes. Only the first two levels are directly examined in the present accounting reconstruction; the latter levels are articulated as decision pathways that require additional evidence.

This staged framework also prevents circular reasoning. If 'pricing accuracy' were defined solely as using the full-cost figure, the conclusion that full costing improves pricing accuracy would follow by definition rather than by empirical testing. A stronger future operationalization would compare chosen selling prices with a stated cost-recovery target, observed demand, and realized margins. Likewise, efficiency should be defined by measured output relative to resource use, not by whether the accounting system reports a lower cost.

Research propositions: P1: Including previously omitted manufacturing overhead changes the estimated production cost for each product. P2: Transparent cost allocation provides a more complete basis for assessing the adequacy of existing selling prices without necessarily changing them. P3: Disaggregated overhead information can identify potential areas for cost control, but realized efficiency gains require subsequent operational measurement.

RESEARCH METHOD

Case selection and units of analysis

This study used a descriptive documentary cost-reconstruction design at Pempek Feri Palembang, a culinary MSME that produces three pempek categories: adaan, lenjer, and telur. The unit of analysis was the enterprise's March 2025 product-cost comparison; the three product categories served as the calculation units. The case was selected for its relevance to the problem of shared production costs and for the availability of a company-method versus full-costing comparison. It was not selected as a statistically representative sample of Indonesian MSMEs.

The analysis was limited to the cost and revenue figures reported in the submitted case schedules. Interview transcripts, interview coding, consent records, and participant-level findings do not form part of the evidence analyzed in this article. Accordingly, the study does not claim to conduct an interview-based qualitative analysis or an embedded interview case study.

March 2025 is the sole accounting period examined. The design compares alternative presentations of manufacturing cost for the same period rather than measuring a before-and-after intervention. Its purpose is to describe differences in the recognized cost base, not to estimate the causal effect of adopting full costing on subsequent business performance.

Documentary data and scope

The documentary dataset comprises the enterprise-method and full-costing production-cost figures reported for adaan, lenjer, and telur, along with the reported aggregate sales revenue for

March 2025. The product schedules provide six production-cost amounts, enabling product-by-product comparison and independent arithmetic summation. The material available for this analysis does not include transaction-level selling prices, units sold, inventory movements, or the detailed denominators used to allocate common overhead.

The documentary design does not treat suggested verification activities as completed procedures. Instead, all findings are derived solely from the numerical schedules and the reported revenue figure. Inferences that require invoices, payroll source documents, batch consumption, physical inventory records, or interview testimony are excluded from the results.

The evidentiary boundary is important: the reconstructed comparison shows the consequences of using the reported cost figures, while the lack of supporting overhead-driver schedules prevents independent testing of each product's allocation. This distinction is reflected in the interpretation of product-level differences and in the study's limitations.

Cost classification and calculation

Full manufacturing cost was defined as direct materials plus direct labor plus variable and fixed manufacturing overhead. The numerical analysis did not estimate new overhead allocations from unreported source transactions; it used the full-cost product amounts already reported in the case schedules. For each product, the adjustment was calculated as the reported full cost minus the reported company-method cost. The percentage adjustment was the difference divided by the company-method cost and multiplied by 100.

The aggregate comparison was constructed by summing the three product rows separately for each costing approach. This row-based calculation yields IDR 14,456,000 for the company method and IDR 15,531,715 for full costing. The resulting difference is IDR 1,075,715, equivalent to approximately 7.44% of the company-method total. This procedure avoids reliance on inconsistent aggregate totals in the earlier presentation of the case.

To provide an illustrative comparison of reported margins, the study subtracted each aggregate production-cost estimate from the reported revenue of IDR 46,550,000. The illustration assumes that production costs for the period equal the cost of goods sold. Because inventory movement is not documented, these calculations are presented as illustrative gross-profit and gross-margin estimates, not verified income-statement results.

Data analysis

The analysis consisted of document extraction, arithmetic recalculation, and descriptive comparison. Product costs were tabulated by method; absolute and percentage adjustments were calculated; product totals were summed; and illustrative gross profits and margins were computed using the stated revenue. No inferential statistical tests or qualitative interview coding were conducted.

Arithmetic checks show that the three company-method product figures sum to IDR 14,456,000 rather than the previously stated IDR 14,416,000. The three full-cost product figures sum to IDR 15,531,715 rather than IDR 15,531,716. The study consistently uses the product-row sums for its aggregate calculations and discloses the discrepancy as a documentary data limitation.

The evidence supports comparisons of recorded costs and their arithmetic implications. It does not support claims that actual selling prices were revised, that production inputs were reduced, or that interviewees confirmed the cost assignments. This separation of observable quantities and unobserved outcomes guides the findings and discussion.

FINDINGS AND DISCUSSION

Documentary Cost Reconstruction

Table 1 presents the three product-level cost comparisons for March 2025. In each category, the reported full-cost estimate exceeds the company-method figure. The differences are IDR 378,207 for adaan, IDR 397,113 for lenjer, and IDR 300,395 for telur.

Compared with each company's original product cost, the adjustments are 7.57% for adaan, 8.37% for lenjer, and 6.37% for telur. Lenjer has the largest absolute and percentage adjustments among the three categories. These are accounting differences between the two reported schedules; the documentary dataset does not establish the physical drivers responsible for the differences.

Table 1. Three product-level cost comparison for March 2025

Product	Company cost (IDR)	Full cost (IDR)	Difference (IDR)
Pempek Adaan	4,995,000	5,373,207	378,207
Pempek Lenjer	4,746,000	5,143,113	397,113
Pempek Telur	4,715,000	5,015,395	300,395
Sum of product rows	14,456,000	15,531,715	1,075,715

The product-row sums yield an aggregate company-method cost of IDR 14,456,000 and an aggregate full cost of IDR 15,531,715. Their difference is IDR 1,075,715 (7.44%). The earlier aggregate figures differ from the row sums by IDR 40,000 for the company method and by IDR 1 for full costing. The present analysis adopts the transparent row-sum convention throughout.

The adjustment reflects an increase in costs recognized in the accounting comparison, not evidence of higher actual March resource consumption. The same production activity is evaluated under two different cost-coverage conventions. The result therefore indicates that the company-method schedule presented a narrower manufacturing-cost base than the reported full-cost schedule.

Table 2 uses the reported revenue of IDR 46,550,000 to illustrate the margin implications of the two production-cost totals. Under the explicit assumption that period production cost equals cost of goods sold, company-method gross profit is IDR 32,094,000 (68.95% of revenue), compared with IDR 31,018,285 (66.63%) under full costing. The difference in illustrative gross profit equals the IDR 1,075,715 cost adjustment, and the illustrative margin decreases by approximately 2.31 percentage points.

This calculation is a conditional accounting illustration because the available documentary material does not provide beginning or ending inventory or the number of units sold. It cannot determine realized gross profit without that assumption. It nevertheless demonstrates how broader manufacturing-cost recognition changes the apparent margin when revenue is held constant.

Table 2. Comparison of Production Costs, Illustrative Gross Profit, and Gross Margin Under Alternative Costing Methods

Indicator	Company method	Full costing (row sums)
Revenue (IDR)	46,550,000	46,550,000
Illustrative production cost (IDR)	14,456,000	15,531,715
Illustrative gross profit (IDR)	32,094,000	31,018,285
Illustrative gross margin	68.95%	66.63%

Note: Gross profit and gross margin are illustrative calculations based on the assumption that production costs equal the cost of goods sold during March 2025.

The available data also do not provide product-specific sales revenue, unit prices, or quantities sold. Therefore, product-level gross margins and absolute product-profit rankings were not calculated. The supported product-level result is the difference between the two manufacturing-cost schedules, not an observed change in selling prices or product profitability.

Discussion

First, the documentary reconstruction shows that recognizing additional manufacturing costs increases the reported cost base for all three products by 6.37%–8.37%. This aligns with the rationale for full-costing applications in Indonesian MSMEs, where the costs included in the calculation shape the basis for pricing analysis (Nirwono et al., 2023; Saputra & Apsari, 2024). The contribution of this case is to make the product-specific adjustments and their aggregate arithmetic explicit, rather than treating a higher cost figure as proof of improved business performance.

Second, the product adjustments are unequal: lenjer shows the largest relative increase, followed by adaan and telur. This finding is relevant to shared-resource production because a common overhead pool need not affect every menu item proportionally. At the same time, the available documentary schedules do not specify the allocation denominators, so the observed ranking reflects the submitted calculations rather than a verified hierarchy of physical overhead consumption. Melani et al. (2025) underscore the importance of distinguishing costing conventions when interpreting product costs for managerial decisions.

Third, the illustrative gross margin declines from 68.95% to 66.63% when the broader cost base is applied to unchanged revenue. This reflects an accounting measurement effect, not an actual decline in sales or cash generation. It also underscores why cost-plus pricing research must distinguish a calculated cost-recovery price from one actually adopted in the market. In relation to Nirwono et al. (2023) and Saputra and Apsari (2024), the novel insight is the explicit boundary between more complete pricing information and unmeasured pricing accuracy.

Fourth, the results distinguish cost visibility from operational efficiency. Full costing reveals a larger recognized manufacturing-cost burden, but it does not demonstrate lower material waste, higher labor productivity, or reduced electricity consumption. The broader management-accounting perspective of Dlamini (2024) supports treating accounting information as a resource for decision-making, not as an automatic performance outcome. For Pempek Feri, the comparison offers a basis for reviewing costs and prices, while operational improvements remain questions for subsequent observation.

Finally, the study offers a practical lesson for small culinary enterprises: a simple product-cost comparison is more useful when its cost boundaries, row sums, and assumptions are transparent. Managers can use the revised cost base to assess the adequacy of existing prices alongside customer demand and competitive conditions. Universities and MSME-support programs can build on this finding by teaching the clear separation of manufacturing and nonmanufacturing expenses, consistent monthly calculations, and the interpretation of margins without equating accounting adjustments with realized savings.

CONCLUSIONS

The documentary comparison at Pempek Feri Palembang shows higher manufacturing-cost estimates under full costing for adaan, lenjer, and telur. Across the three product categories, the recognized cost base increases by IDR 1,075,715, or 7.44%, relative to the company-method total. The finding reflects a change in recorded manufacturing-cost coverage, not evidence that production consumed more resources or that selling prices were subsequently revised.

With revenue held at IDR 46,550,000 and production costs provisionally equated with cost of goods sold, the illustrative gross margin declines from 68.95% to 66.63%. This calculation

underscores the importance of cost recognition in interpreting apparent profitability while preserving the distinction between a reconstructed accounting margin and verified financial performance. The study provides a transparent three-product example of this distinction in an Indonesian culinary MSME.

For managers, the immediate priority is establishing a monthly cost register that separates traceable ingredients, labor, production overhead, and nonmanufacturing expenses. A second priority is selecting and recording defensible overhead drivers, such as labor hours or production batches, and reconciling production quantities with units sold. A third priority is using full-cost estimates alongside market information when reviewing prices, rather than automatically applying a fixed markup. Policymakers and university outreach programs can support low-cost templates and training in cost classification, documentation, and margin interpretation.

Implementation should proceed in manageable stages. The enterprise can first maintain a monthly expense register and classify each item as direct material, direct labor, manufacturing overhead, or nonmanufacturing expense. Next, it can document product output volumes and select simple allocation drivers that staff can consistently record. A monthly reconciliation of purchases, production, and sales can then support a basic unit-cost dashboard. Finally, managers can review prices alongside customer demand, competitor conditions, and targeted margins rather than relying solely on cost-plus calculations.

For universities and MSME-support agencies, the implication is to emphasize practical accounting routines rather than software complexity. Training should include classification exercises with actual receipts, guided construction of an overhead allocation worksheet, and a review of common errors, such as double counting, unsupported equal allocations, and confusion between production cost and cost of sales. Any claimed impact of such training should be assessed by subsequent changes in record completeness, decision quality, and operational outcomes.

LIMITATION & FURTHER RESEARCH

This study is limited to a single culinary enterprise and the March 2025 accounting period. The documentary source includes reported product-cost schedules and aggregate revenue but lacks transaction-level sales, inventory movements, or independently auditable overhead-allocation drivers. Consequently, the study cannot independently verify unit-cost allocation accuracy, product-specific gross margins, or actual gross profit, given its stated production-equals-sales assumption. These are limitations of the documentary dataset rather than unreported procedures.

The available material also lacks interview records suitable for qualitative analysis; the study therefore makes no interview-based claims. The comparison captures differences in reported costing conventions, not changes in physical production efficiency, selling-price behavior, or enterprise survival. Generalizing beyond this enterprise and period requires caution because other MSMEs may have different cost structures, capacity levels, and production mixes.

Future studies could document monthly overhead pools, allocation drivers, production volumes, and inventory flows, enabling independent replication of unit-cost estimates. A longitudinal design could track actual selling-price decisions and operational indicators, such as material yield, labor time, energy use, and waste, before and after the introduction of a costing routine. Comparative cases could assess when full costing, variable costing, or activity-based costing provides the most decision-relevant information.

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