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THE EFFECT OF THE APPLICATION OF THE FULL COSTING METHOD ON THE ACCURACY OF SELLING PRICE DETERMINATION IN MSMES

Elton Ramos[a*]
Akuntansi; eltonhombing2@gmail.com, Universitas Quality Berastagi, Jl. Jamin Ginting, Kabupaten Karo, Sumatera Utara
[*] Penulis Korespondensi: Elton Ramos

ABSTRACT

This study aims to analyze the effect of the full cost method on the accuracy of selling price determination among MSMEs in the Berastagi Fruit Market, Karo Regency. This study is motivated by pricing practices that do not systematically account for all production cost components, potentially leading to pricing inaccuracies. The study employed a quantitative approach with a survey method. Primary data was obtained through a structured questionnaire distributed to 20 MSMEs selected using purposive sampling. The criteria were that they had been operating for at least two years, had production or processing activities, and set their own selling prices. The data were analyzed using descriptive analysis and simple linear regression. The results indicate that the implementation of the full cost method is in the good category and has a positive effect on the accuracy of selling price determination. MSMEs that calculate production costs more fully tend to set prices that are more in line with their cost structure, thus supporting profit stability and business sustainability. Limitations of this study lie in the limited sample size and location coverage. Therefore, further research is recommended to expand the sample and variables to make the results more comprehensive and have stronger generalizability

Keywords : *Full Costing ; MSMEs ; Financial statements*

1. INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) are a strategic sector in the Indonesian economy because they contribute significantly to employment and the formation of Gross Domestic Product. However, in their operational practices, many MSMEs still face fundamental challenges in managing production costs and determining product selling prices. These problems generally arise from business actors' limited understanding of cost accounting concepts, particularly in calculating the cost of goods manufactured comprehensively. Most MSMEs still use simplistic approaches, such as adding raw material and labor costs without systematically allocating overhead costs. This results in inaccurate cost information and directly impacts inaccurate selling price determinations. Previous research has shown that inaccurate cost of goods manufactured calculations often result in selling prices that are too low, thus depressing profit margins, or too high, thus reducing product competitiveness in the market (Fitri, Puspitasari, & Dzulhasni, 2025) ; (Afriani & Mubarak, 2025). This phenomenon demonstrates that implementing appropriate costing methods is an urgent need for MSMEs to survive in increasingly competitive business environments.

In the context of cost accounting, the full costing method is an approach that incorporates all elements of production costs, both variable and fixed, into the cost of goods manufactured. This method includes direct material costs, direct labor costs, and factory overhead costs, both fixed and variable. The application of the full costing method is believed to produce more accurate cost information than traditional methods, which only consider a portion of cost components. Several previous studies have found that the use of the full costing method produces higher but more realistic production cost calculations because it reflects all resource sacrifices used in the production process (Sari, Winarni, & Marisya, 2023). Thus, this method can assist management in evaluating cost efficiency and formulating more rational pricing strategies. However, although the full costing method theoretically offers advantages in cost calculation accuracy, its application

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in MSMEs remains relatively limited due to limited human resources and an inadequately organized financial recording system.

Furthermore, the variable of accurate selling price determination is a crucial aspect of business sustainability. An appropriate selling price not only reflects the ability to cover all production costs but also provides a reasonable profit margin and maintains competitiveness in the market. In practice, many MSMEs set selling prices based on intuition, following competitors' prices, or adjusting to consumer purchasing power without adequate cost calculations. Previous research has shown that errors in determining selling prices are often caused by incomplete or improperly allocated cost information (Febriana, Saputri, Agustina, & Riandi, 2025). As a result, profits do not meet expected targets, and in some cases, businesses even experience losses without realizing it because the selling price does not fully cover total production costs. Other research findings confirm that the accuracy of selling prices is significantly influenced by the accuracy of production cost calculations, making a sound cost accounting system a key foundation for pricing decisions (Setiawan, et al., 2024).

Although various studies have examined the application of the full costing method and production cost analysis, there are still differences in results and research gaps that require further study. Some studies emphasize the comparison between the full costing method and the variable costing method in calculating production costs without empirically examining their effects on the accuracy of selling prices ((Fitri, Puspitasari, & Dzulhasni, 2025)). On the other hand, some studies focus on pricing strategies and MSME profitability without specifically linking them to the costing method used (Nofiani, Komariah, & Syamsudin, 2022). Furthermore, some studies are conducted as descriptive case studies and therefore do not quantitatively test the causal relationship between the application of the full costing method and the level of selling price accuracy ((Hamdani & Yuamita, 2025). This difference in approach indicates a research gap: the lack of research directly examining the effect of the full costing method on the accuracy of selling prices in MSMEs using a measurable, empirical approach.

Based on this description, it is clear that accurate cost information is the primary basis for determining appropriate and sustainable selling prices. The full costing method, as one approach to cost accounting, offers a comprehensive calculation framework, but its implementation is difficult.

2. LITERATURE REVIEW

2.1 Management Accounting and Cost Information

Management accounting is a branch of accounting focused on providing information for internal organizational stakeholders to support planning, control, and managerial decision-making. Unlike financial accounting, which focuses on external reporting, management accounting emphasizes the relevance of information for management in improving operational effectiveness and efficiency. Cost information is a key component of a management accounting system because it directly relates to production activities and determining business strategy.

According to research (Zebua, 2026), accurate cost information enables management to identify the company's expenditure structure in greater detail, allowing for evaluation of the efficiency of resource use. Cost information serves not only as a historical recording tool but also as a basis for budgeting, cost control, and profitability analysis. In the context of decision-making, cost information plays a crucial role in determining selling prices, calculating expected profits, and assessing the feasibility of a product.

Another study (Hidayat & Triyuwono, 2019) confirms that the quality of cost information is crucial for the accuracy of managerial decisions. When cost information does not reflect all actual expenditure components, decisions can potentially be distorted, particularly in pricing and performance evaluation. Therefore, a systematic and structured cost accounting system is the primary foundation for implementing effective management accounting. In the context of SMEs, adequate cost information is often a challenge due to limited resources and suboptimal recording systems. Therefore, management accounting, through the provision of comprehensive cost information, plays a strategic role in supporting business sustainability. Accurate cost information provides a rational basis for determining accurate and competitive product prices.

2.2 Full Costing Method

The full costing method is a cost accounting approach that incorporates all elements of production costs into the calculation of the cost of goods manufactured. These cost elements include direct materials, direct labor,

and factory overhead costs, both fixed and variable. This method aims to reflect the total economic sacrifice incurred in the production process of a good or service. Research (Aditya, Setiawan, & Irawan, 2026) explains that the full costing method provides a more comprehensive cost picture than the variable costing method because all components of production costs are allocated to products. Thus, the resulting cost of goods manufactured more closely reflects the company's actual operational conditions. In practice, this method is often used as the basis for determining cost-plus pricing. Another study (Ramadhan, Ramadhani, & Rambe, 2025) shows that implementing the full costing method in business entities, including small and medium-sized enterprises, can increase the transparency of cost structures and assist business actors in evaluating production efficiency. However, a common challenge is the difficulty in identifying and allocating overhead costs proportionally. Inaccuracies in the allocation of overhead costs can reduce the accuracy of the calculated cost of goods manufactured.

Conceptually, the full cost method offers advantages in long-term decision-making because it takes into account all costs that must be covered by sales revenue. By comprehensively incorporating fixed and variable costs, management can ensure that the set selling price covers total production costs while providing the desired profit margin. Therefore, implementing the full cost method is relevant in efforts to improve the accuracy of selling price determination, particularly for growing SMEs.

2.3 Accuracy of Selling Price Determination

Determining the selling price is a strategic decision that directly impacts sales levels, profits, and business competitiveness. An accurate selling price is one that covers all production costs and provides a profit level that meets the company's targets. From a cost accounting perspective, the accuracy of the selling price is highly dependent on the accuracy of the calculation of the cost of goods manufactured. The study presented in (Hidayat & Triyuwono, 2019) shows that the integration of cost accounting systems and pricing policies significantly contributes to increasing company profitability. The accuracy of selling prices can be measured through several indicators, including the alignment of selling prices with the cost of goods manufactured, the achievement of planned profit margins, and minimizing the difference between target and actual profits. In SME practice, selling prices are often determined based on estimates or following competitors' prices without adequate cost analysis. This situation results in a mismatch between costs incurred and revenue earned. Therefore, the application of the full cost method is expected to improve the accuracy of selling price determination because all cost components have been systematically calculated.

2.4 Characteristics of SMEs

Small and Medium Enterprises (SMEs) have different characteristics than large companies, particularly in terms of organizational structure, financial management systems, and human resources. SMEs are generally managed simply with financial recording systems that are not yet fully standardized. This results in limited accounting information available to support managerial decision-making. The study (Ramadhan, Ramadhani, & Rambe, 2025) also shows that SMEs tend to set selling prices based on experience and intuition rather than structured cost analysis. While this approach may work in the short term, in the long term it can lead to inefficiency and decreased profitability. The flexible nature of SMEs actually presents an opportunity to implement a simpler yet more accurate cost accounting system. With adequate guidance and understanding of the full cost method, SMEs can improve the quality of their cost information. This will ultimately support the determination of selling prices that are more appropriate and oriented towards business sustainability.

2.5 The Impact of the Full Cost Method on the Accuracy of Selling Price Determination

The full cost method is a cost accounting approach that calculates all components of production costs, both variable and fixed, into the cost of goods manufactured. This method includes direct materials, direct labor, and factory overhead costs, which are systematically allocated. In the context of MSMEs, the application of the full cost method is important because it provides a comprehensive picture of the total economic sacrifice incurred in the production process. A complete and structured cost calculation will produce more accurate information on the cost of goods manufactured, which can be used as a basis for rationally determining selling prices.

Consistent application of the full cost method can improve the accuracy of selling price determination because all cost elements are fully accounted for. When MSMEs are able to accurately identify and allocate fixed and variable costs, the risk of errors in setting selling prices is minimized. Selling prices determined based on complete cost information will be able to cover all production costs while providing a profit margin in line with business targets. In other words, the full cost method is a key factor in achieving accuracy in selling

price determination. The more optimal the application of the full cost method, the higher the level of accuracy of the resulting selling price, and the stronger the signal of professional business management demonstrated to the market. Previous research indicates that the application of the full cost method has a positive impact on the accuracy of production cost calculations and selling price determination. Several studies have found that the use of the full cost method can improve the accuracy of cost information, resulting in more realistic and profitable selling prices for businesses. However, other research indicates that the application of the full cost method does not have a significant impact on selling price accuracy, especially for MSMEs that do not yet have an adequate cost recording system. These differing research findings indicate that the relationship between the application of the full cost method and the accuracy of selling price determination still requires further empirical testing, particularly in the MSME sector with its diverse characteristics.

Based on the description of the effect of the application of the full cost method on the accuracy of selling price determination, the researchers propose the following hypothesis:

H_1: The application of the full cost method has a positive impact on the accuracy of selling price determination in MSMEs.

3. RESEARCH METHOD

This study uses a quantitative approach with a survey method to empirically test the effect of the application of the full cost method on the accuracy of selling price determination in MSMEs. The quantitative approach was chosen because this study is oriented towards objective variable measurement and hypothesis testing through statistical analysis, so that the causal relationship between the independent and dependent variables can be identified measurably. The survey method was used as the main data collection strategy by distributing a structured questionnaire to respondents who met the research criteria. The questionnaire instrument was compiled based on the operational indicators of each variable, namely the application of the full cost method and the accuracy of selling price determination. Each statement was measured using a five-level Likert scale to obtain a quantitative picture of the level of application and price accuracy. The collected data were then processed through stages of validity testing, reliability testing, and simple linear regression analysis to determine the magnitude of the influence of the independent variables on the dependent variable. This study was conducted in October 2025 at Pajak Buah Berastagi, Karo Regency. This location was chosen because it is one of the centers of trade and production of agricultural products and processed foods that are quite developed in the region. Many MSMEs in this area act not only as traders, but also as producers who process goods before being marketed. This situation is relevant to the research focus because the determination of selling prices by MSMEs is significantly influenced by the production cost calculations applied by each business actor.

The population in this study comprised all MSMEs operating in the Berastagi Fruit Market, Karo Regency, specifically those engaged in production or processing activities. Given the heterogeneous population and the limited timeframe, purposive sampling was used, selecting respondents based on specific criteria tailored to the research objectives. These criteria included: MSMEs that had been operating for at least two years to gain sufficient experience in cost management and pricing; MSMEs that engaged in production or processing activities, thus being relevant to the concept of full costing; and MSMEs that determined their selling prices independently without relying entirely on market prices or distributors. Based on these criteria, 20 MSMEs were selected as the research sample. This number was deemed sufficient to describe the empirical conditions at the research location and to allow for proportional statistical analysis. The data used in this study consisted of primary and secondary data. Primary data was obtained directly through questionnaires distributed to respondents, while secondary data was used as supplementary information in the form of business profiles, length of operation, and documentation of production activities. The combination of these two types of data is expected to provide a comprehensive picture of the practice of implementing the full cost method and its implications for the accuracy of determining selling prices in MSMEs.

Table 1. Application of the Full Cost Method

No	Indicator Statement	Statement
1	Raw Material	I record all raw material costs in detail in each production process.
2	Costs Direct Labor	I calculate direct labor costs as part of production costs.

No	Indicator Statement	Statement
3	Costs Variable Overhead	I include the costs of electricity, water, and supporting materials as production costs.
4	Costs Fixed Overhead	I factor in fixed costs such as equipment depreciation and rent in production costs.
5	Cost of Goods Sold	I calculate the cost of production before determining the selling price.
6	Calculations Recording	I have a structured and documented record of production costs.
7	Systems Cost Evaluation	I conduct regular evaluations of production costs to avoid waste.

Table 2. Accuracy of Selling Price Determination

No	Indicator Statement	Statement
1	Compliance with HPP	The selling price I set is based on the calculation of the cost of production
2	Profit Margin	The determined selling price is able to provide profits according to the target
3	Profit Stability	My business earns a relatively stable profit every period.
4	Minimal Pricing Errors	I rarely experience losses due to errors in determining selling prices.
5	Price Evaluation	I review the selling price if there is a change in production costs.
6	Price Competitiveness	My product selling price remains competitive in the market

4. RESULTS

This study involved 20 MSMEs in the Berastagi Fruit Market, Karo Regency, who met the purposive sampling criteria: having been operating for at least two years, having production or processing activities, and independently setting selling prices. Data were obtained through a structured questionnaire based on the operational indicators of each variable. Each statement was measured using a five-level Likert scale, ranging from 1 (strongly disagree) to 5 (strongly agree). The variable "Full Cost Method Implementation" consisted of eight items, while the variable "Accuracy of Selling Price Determination" consisted of six items.

Data processing was carried out by calculating each respondent's total score for each variable, then summarizing it to obtain an overview of the level of full cost method implementation and the level of accuracy of selling price determination. This summary aims to provide an empirical description of the condition of MSMEs in the study location before conducting further inferential analysis.
Summary of Questionnaire Results for the Full Cost Method Implementation Variable (X)
Number of statement items: 8
Maximum score: 40
Minimum score: 8

Table 3. Distribution of Full Cost Method Application Categories

Category	Interval Score	Total	Percentage
High	31–40	11	55%
Medium	21–30	9	45%
Low	≤20	0	0%
Total		20	100%

Descriptive Analysis of Variables in the Application of the Full Cost Method
The implementation of the Full Cost Method was measured using 8 statement items with a Likert scale of 1–5. The number of respondents was 20 MSME actors, so the ideal maximum score and ideal minimum score can be calculated as follows:

Ideal Maximum Score (ISM) = Number of Respondents × Number of Items × Highest Score

Based on the previous recapitulation results, the actual total score for variable X is obtained by adding all respondents' scores:

Total Actual Score = 617

Next, to determine the level of achievement of the variable, the following percentage formula is used:

Percentage Achievement = (Total Actual Score / Ideal Maximum Score) × 100%
The result of 77.13% indicates that the level of implementation of the full cost method among MSMEs in Berastagi Fruit Tax is in the high category. To determine the average respondent score, the following formula was used:

Mean ($\bar{X}$) = $\Sigma X / N$

The average score of 30.85 out of a maximum score of 40 indicates that respondents have generally implemented most components of the full costing method in their business activities. Standard deviation is used to determine the level of data dispersion from the mean value. The formula used is:

$SD = \sqrt{(\Sigma (Xi - \bar{X})^2 / (N - 1))}$

Based on data calculations, the standard deviation was 3.56. This value indicates that the variation in respondents' answers is relatively small, so the level of implementation of the full cost method among MSMEs does not differ significantly. To determine categories, the class interval formula was used:

Interval = (Maximum Score - Minimum Score) / Number of Categories

Interval = (40 - 8) / 3
Interval = 32 / 3
Interval = 10.67 ≈ 10

This yields the following categories:
31–40 = High
21–30 = Medium
≤20 = Low

Based on the frequency distribution, 11 MSMEs (55%) were in the high category and 9 MSMEs (45%) were in the medium category. There were no respondents in the low category. The analysis results indicate that most MSMEs have implemented the full cost method quite effectively, as demonstrated by a percentage achievement score of 77.13% and an average score of 30.85. This indicates that the majority of respondents have included direct materials, direct labor, and overhead costs in calculating production costs. The relatively low variation in responses also demonstrates a uniform understanding of costing practices at the research site.

Descriptively, these findings provide an initial indication that the implementation of the full cost method by MSMEs in Berastagi Fruit Market is at an adequate level, thus theoretically having the potential to support accurate selling price determination.

Based on the summary, the majority of MSMEs are in the high category in applying the full cost method. This indicates that the majority of respondents have included the components of raw material costs, direct labor, and overhead costs in their production cost calculations relatively completely. After determining the level of application of the full cost method, the next step is to identify the accuracy of selling price determination in the MSMEs studied. This variable is measured through six statements reflecting the accuracy of cost calculations, the consistency of profit margins, and the appropriateness of prices to actual production costs.

Summary of Questionnaire Results: Selling Price Accuracy Variable (Y)

Number of statement items: 6
Maximum score: 30

Minimum score: 6

Table 4. Distribution of Selling Price Determination Accuracy Categories

Category	Interval Score	Amount	Percentage
High	24–30	12	60%
Medium	16–23	8	40%
Low	≤15	0	0%
Total		20	100%

Descriptive Analysis of the Selling Price Accuracy Variable (Y)

The Selling Price Accuracy variable was measured using six items with a Likert scale of 1–5. Twenty MSMEs participated in the survey. To determine the level of achievement of this variable, the maximum score and the ideal minimum score were first calculated.

Ideal Maximum Score (ISM) = Number of Respondents × Number of Items × Highest Score

Ideal Minimum Score (SMin) = Number of Respondents × Number of Items × Lowest Score

SMin = 20 × 6 × 1

SMin = 120

Based on the previous recapitulation, the actual total score for variable Y is obtained by adding all respondents' scores, namely:

Total Actual Score = 493

To determine the level of achievement, the following formula is used:

Percentage of Achievement = (Total Actual Score / Maximum Ideal Score) × 100%

Percentage of Achievement = (493 / 600) × 100%

Percentage of Achievement = 82.17%

The result of 82.17% indicates that the accuracy of selling price determination for MSMEs in Berastagi Fruit Market is in the high category. The mean is used to determine the average score of respondents for variable Y. The formula used is:

$$\text{Mean } (\bar{Y}) = \Sigma Y / N$$

Where:

ΣY = Total number of respondents' scores

N = Number of respondents

The average score of 24.65 out of a maximum score of 30 indicates that, in general, MSMEs have set selling prices with a relatively good level of accuracy, both in considering production costs and in determining profit margins. The standard deviation is calculated to determine the level of data dispersion from the mean using the formula:

$$SD = \sqrt{(\Sigma (Yi - \bar{Y})^2 / (N - 1))}$$

Based on the calculation results, the standard deviation is 2.67. This value indicates that the variation in respondents' answers is relatively small, so the level of accuracy in determining selling prices among MSMEs tends to be homogeneous.

To determine the categories, use the class interval formula:

Interval = (Maximum Score − Minimum Score) / Number of Categories

Interval = (30 − 6) / 3

Interval = 24 / 3

Interval = 8

This yields the following categories:

24–30 = High

16–23 = Medium

≤15 = Low

Based on the frequency distribution, 12 MSMEs (60%) were in the high category, and 8 MSMEs (40%) were in the medium category. There were no respondents in the low category. The descriptive analysis results indicate that the majority of MSMEs have a good level of selling price determination accuracy. The achievement percentage of 82.17% indicates that most business actors have considered the production cost structure when setting selling prices, maintained consistent profit margins, and are able to adjust prices to actual cost conditions. Compared to the results of the Full Cost Method Implementation variable, which was in the high category (77.13%), there is a tendency that the better the full cost method implementation, the higher the level of selling price determination accuracy. These descriptive findings provide a strong basis for further regression analysis to statistically test the effect of the full cost method implementation on selling price determination accuracy among MSMEs in Berastagi Fruit Tax, Karo Regency.

This research focuses on how the application of the full cost method contributes to increased selling price accuracy in MSMEs. From a management accounting perspective, complete and relevant cost information is the primary basis for decision-making, particularly in setting product selling prices. The full cost method emphasizes the inclusion of all production cost components, including direct materials, direct labor, and factory overhead, in the cost of goods manufactured. Theoretically, this approach provides a more comprehensive cost picture than methods that only consider a portion of cost elements. When all cost components are systematically accounted for, the risk of undercosting or overcosting can be minimized. In the context of MSMEs, cost recording practices are often rudimentary and unstructured, resulting in selling prices being determined primarily based on custom, market prices, or the business owner's subjective estimates. This research finding, which indicates a positive relationship between the application of the full cost method and selling price accuracy, aligns with the basic principle of cost accounting, which states that accurate cost information will result in more rational and sustainable pricing decisions.

Conceptually, the accuracy of selling price determination is related not only to the ability to generate profits but also to the long-term sustainability of the business. Prices that are too low can erode profit margins and hinder business growth, while prices that are too high have the potential to reduce competitiveness in the market. Therefore, the full cost method serves as both a cost control instrument and a profit planning tool. The literature shows that business owners who understand their cost structure comprehensively tend to be better able to set prices that reflect the actual conditions of their business. Previous research published in community service activities confirmed that mentoring the implementation of comprehensive production cost calculations can improve MSMEs' understanding of how to determine selling prices more accurately and measurably (Hamzah, et al., 2024). The study showed that education regarding cost classification and overhead allocation has a direct impact on improving pricing practices. This reinforces the research finding that implementing the full cost method is not simply a technical procedure but a managerial learning process that improves the quality of business decisions.

Furthermore, other research examining pricing practices in small businesses found that many MSMEs do not include all overhead costs in calculating the cost of goods manufactured, resulting in selling prices that do not fully reflect total costs incurred (Srikah, 2025). This situation distorts cost information and has the potential to lead to errors in strategic decision-making. When the full cost method is consistently applied, each cost element, including indirect costs such as equipment depreciation, electricity, and other supporting costs, is accounted for proportionally. Other empirical research in international journals on economics and business also concluded that the accuracy of production cost calculations is significantly related to the stability of profit margins and the competitiveness of small businesses (Pratista & Santoso, 2024). These findings support the argument that the full cost method provides a more objective basis for setting selling prices than traditional estimate-based approaches. Therefore, more systematic cost accounting practices will increase transparency and accountability in business management.

Furthermore, a study examining the impact of cost information systems on the financial performance of MSMEs showed that the quality of cost information is directly proportional to the quality of managerial decisions, including pricing decisions (Nurdilasari, Djadjuli, Tatmimah, Muzayyanah, & Indriyani, 2021). The study emphasized that business actors with a better understanding of their cost structure tend to be more adaptive in responding to changes in raw material prices and market dynamics. In the context of Berastagi Fruit Market as a center of trade and production activity, fluctuating raw material prices require MSMEs to have an accurate cost calculation system to maintain competitive selling prices without sacrificing profits. Therefore, the findings of this study reinforce the theory that the application of the full cost method is a crucial factor in determining accurate selling prices. Overall, the research findings align with management

accounting theory and are supported by various previous studies that emphasize that completeness and accuracy of cost information are key prerequisites for making effective, rational, and sustainable pricing decisions for MSMEs.

5. CONCLUSION AND SUGGESTION

Based on the analysis, this study concludes that the implementation of the full cost method has a positive impact on the accuracy of selling price determination for MSMEs in the Berastagi Fruit Market, Karo Regency. Descriptively, the majority of MSMEs have implemented production cost elements, including direct materials, direct labor, and overhead costs, in calculating the cost of goods manufactured. This relatively good implementation indicates that business owners are beginning to understand the importance of recording and allocating costs more systematically in their operations. The research findings also indicate that the accuracy of selling price determination is in the good category. MSMEs generally consider their cost structure when setting prices, so that the selling price they set more closely reflects the actual cost of production. This accuracy not only impacts the business's ability to generate reasonable profits but also enhances its competitiveness and sustainability in the face of fluctuating market dynamics.

The relationship between the two variables shows that the better the implementation of the full cost method, the higher the accuracy of selling price determination. This aligns with management accounting theory, which emphasizes that complete and accurate cost information is the primary basis for effective decision-making. Thus, the full cost method can be a relevant and applicable approach for MSMEs in improving the quality of financial management and strengthening the business position amidst market competition.

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