

Research Article

Optimizing Target Costing Implementation for Cost Efficiency and Increasing Product Profits

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Abstract: This research is a type of qualitative research using a case study approach. The data sources used in this research are primary and secondary data. Primary data consists of data obtained from field observations and informant interviews. Meanwhile, secondary data consists of data that has been obtained from the company which is then reprocessed by researchers. The data analysis and processing used in this research is to obtain research supporting data and then process it using the target costing method until finally conclusions can be drawn from the research process. The results of this research indicate that the application of the target costing method is effective for efficient production costs by obtaining a difference of Rp. 340,206,650 of the total production costs carried out before and after implementing the target costing method of Rp. 516,244,150 and Rp. 176, 037, 500. Then there was an increase in product profits by looking at the difference between income in 2020 and 2021 which had increased by 71.4% as well as implementing additional alternatives by making changes to the selling price combined with value engineering methods so that it is able to maximize profits in accordance with initial planning.

Keywords: Cost Efficiency; Cost Management; Product Profit; Strategic Cost Control; Target Costing

1. Introduction

Competition in the business industry is currently experiencing rapid growth. This has resulted in the emergence of a wide variety of competing businesses in the market, including food, goods, and services. To address this development, every entrepreneur is required to design an appropriate business strategy so their business can adapt and thrive amidst the existing competition. Each business industry should have a unique advantage or something they can rely on as a distinctive characteristic and added value compared to other businesses. This diversity will then make business competition more competitive and motivate all businesses to produce quality products, distribute them at affordable prices to a wide range of consumers, and provide the best possible service to consumers who have placed their trust in them. However, as is known, Indonesia is currently facing economic instability caused by the COVID-19 outbreak. This has not only affected the economic sector but also impacted other sectors. Therefore, each industry is expected to be able to address these issues by developing a truly well-thought-out strategy.

Economic growth in Makassar has also experienced a decline over the past five years. Similarly, in 2020, the economic condition reached minus 1.27. The COVID-19 pandemic, which persisted until the end of the year, was one of the causes. Consequently, economic contraction occurred, both nationally and globally, and this impacted the economy of Makassar itself. (Rahmania & Dahtiah, 2022) states that the business industry is expected to be able to create a variety of products to support the production process, each of which must have competitive value and can also be used as an alternative for companies to obtain greater profits. Therefore, a business industry can be said to be successful if it is able to generate profits by increasing sales and profitability sufficiently.

In research by (Wuysang & Pusung, 2019) Profitability is the net result of various management policies and decisions. The ratio will provide the final answer regarding the effectiveness of company management because this ratio provides an overview of the level of management of a company. In this regard, a company is not only required to be able to create the best products. But it is also expected to be able to organize the best possible strategy in developing various systematic policies to produce decisions that align with the goals to be

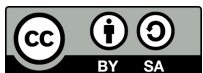
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achieved in the future. One such way is by determining the method or method considered appropriate to be used in managing the effectiveness and efficiency of the production process.

Selling prices that are too high will usually result in a lack of public interest in buying a product, then the company will not make enough profit and vice versa, with selling prices that are too low, it will also result in the company not achieving the targets that have been planned. (Putri, 2022) Therefore, one way to address this problem is to use the target costing method as an alternative to minimize it. Target costing is used in the planning stage and directs the entire production process, with justified costs at an appropriate profit level and capable of providing estimates related to sales volume, product market price, and level of utility. (Saleh et al., 2022) We can also see that target costing is related to new product designs in the management process. (Wulandari & Dewi, 2024) Target costing also determines the costs of a product based on a reasonable selling price for the product, namely one that is able to compete in the market. (Utami et al., 2022).

In line with several previous studies, there are differences between before and after using target costing in companies. For example, research (Syukri et al., 2022) And (Moechry, 2023), using the target costing method to increase company profits and minimize production costs incurred by the company. Likewise with research (Nafatu et al., 2021) which uses target costing to minimize the company's production costs.

2. Methods

This research is a qualitative study using a case study approach. This approach explains how to understand the motivations and dynamics of research. Case studies are used as a research approach to examine problems or conditions that exist within the research object, with explanations that involve all aspects of the research process. This case study research is conducted to understand the conditions that occur within the research object and how they relate to the research background. By using this approach, researchers are expected to gain a better picture and understanding of the problems and conditions in this study.

This research emphasizes on testing the theory through measuring research variables with analysis using phenomena and cases that occur in the field regarding how Target Costing will be implemented and knowing its effects on production cost efficiency and product profit increase. The research location was carried out at MIE NAGA Pantai Losari which is located at Jl. Penghibur No. 22, Makassar. This area is an area that is easily accessible to researchers so that it can facilitate researchers in conducting the research process.

Researchers conduct observations by observing the objects being studied. Through this technique, researchers are able to gather necessary data from events, locations, objects, and recorded images, as well as the behavior of the parties involved. The informants in this study were Kaimuddin Idris, the owner, and Kigly, an employee at Mie Naga Pantai Losari.

Researchers collected supporting data related to photographs, a general description of the company, product production costs, including raw material costs, direct labor costs, and factory overhead, unit costs, expected profit percentages, and other costs. This supporting data will then serve as evidence to increase the credibility and trust of the relevant parties involved in the research process.

The interview technique employed by the researcher involved a verbal Q&A session, including several questions attached to the manuscript, with those directly involved in the areas the researcher considered to be supporting the research process. These questions were delivered using both structured and unstructured techniques, starting with contextually relevant questions or open-ended questions that remained relevant to the research topic. This was done to ensure the informants felt more at ease during the interview process.

In this study, the instruments used included books, pens, a voice recorder, and a camera. The researcher also acted as a research instrument because he or she was directly involved in the process. After data collection, the next stage was data analysis. Data analysis involved classifying, analyzing, and developing concepts that would form the research's conclusions. This process began from the initial research planning stage until the research was conducted in the field. Data analysis also played a role in providing information used to solve research problems.

The data processing techniques used in this research include: Researchers conducted observations of the production process carried out by the company with the aim of obtaining other supporting data. The second stage describes the process of implementing the target costing method at the MIE NAGA Pantai Losari business with several stages as follows:

1. Conduct market pricing;
2. Determine the expected profit;
3. Using value engineering with the aim of determining ways to make production costs more efficient;
4. Calculate costs using the target costing method with the formula:

Target costing = Estimated Selling Price – Expected Profit

Looking at the results of calculations carried out by the company with cost analysis which is also carried out using target costing calculations, then drawing conclusions from the results of data processing.

Data validity is carried out to determine with certainty and prove that the research conducted by the researcher is truly scientific research using processed data. (Sugiono, 2013) states that there are several data validity tests including: Credibility: Testing the trustworthiness of the data used during the research process so that it is not doubted and becomes research that is truly recognized as a scientific work; Transferability: The external validity stage that shows whether or not the results of this research can be applied. This is related to the target costing method where after this research is conducted, it will be known for certain whether the method is truly effective and can be accounted for when implemented; Dependability: This stage shows that this research is truly trustworthy, in other words there are similarities in previous studies related to the same good results. Like several studies that also use target costing as a method to reduce production costs, in this case it also includes the entire series of research until the stage of determining conclusions; Confirmability: The stage of testing the results of research that has been carried out with the processes that have been carried out in the research process. When the results of the research that has been carried out are in accordance with the research process, the researcher can confirm the results of the research.

3. Result and Discussion

Result

MIE NAGA Losari Beach is a culinary business with a street food theme that has been operating since 2013. However, in terms of recording or implementing an accounting system in the business, it has not fully complied with or followed the generally accepted accounting system. As for calculating production costs, this business records and calculates by breaking down per menu item. In this study, we will look at the production costs used by the MIE NAGA Losari Beach business in 2020 and 2021. We will use the 2020 production costs as a reference for the realization in 2021 so that we can see any changes in costs or efficiency in the production costs of MIE NAGA Losari Beach. In this study, the researcher also chose two menus as samples, namely MIE NAGA Complete and Grilled Rolled Sausage, because these two menus have a relatively low sales level but the selling price is among the most expensive menus. Before looking at the explanation of each production cost used by MIE NAGA Losari Beach for these two menus, we will look at the total sales of the business in 2021, as follows:

Table 1. Sales of two sample menu items at Losari Beach's MIE DRAGON in 2021

Sample Menu	Price	Sales (Portion)	Amount
Complete Dragon Noodles	Rp. 25,000	1120	Rp. 28,000,000
Grilled Sausage Roll	Rp. 18,000	1000	Rp. 18,000,000
Total			Rp. 46,000,000

Source: sales data from Mie Naga Pantai Losari business.

The production costs used by the MIE DRAGON Losari Beach business to produce these two menus are:

Raw Material Costs

Table 2. Raw Material Costs in 2020.

Complete Dragon Noodles				
Raw material	Unit	Price	Purchase	Amount
Salt	1 kg	Rp. 40,000	5 kg	Rp. 200,000
Garlic	1 kg	Rp. 25,250	15 kg	Rp. 378,750
Red onion	1 kg	Rp. 39,150	28 kg	Rp. 1,096,200

Chicken				
Stock				
Powder	1 pack	Rp. 28,000	8 pack	Rp. 224,000
Fibercreme	1 kg	Rp. 131,000	5 kg	Rp. 655,000
Soy sauce	1 bottle	Rp. 25,000	20 bottles	Rp. 500,000
Chili Sauce	1 bottle	Rp. 25,000	20 bottles	Rp. 500,000
Cayenne				
pepper	1 kg	Rp. 90,000	25 kg	Rp. 2,250,000
Leek	1 kg	Rp. 13,000	25 kg	Rp. 325,000
Dumpling				
Skin	1 pack	Rp. 8,000	72 pack	Rp. 576,000
Frozen				
Meatballs	1 pack	Rp. 25,000	60 pack	Rp. 1,500,000
Egg	1 shelf	Rp. 40,000	15 shelves	Rp. 600,000
Minced				
Chicken	1 kg	Rp. 50,000	70 kg	Rp. 3,500,000
Cooking oil	1 liter	Rp. 11,000	45 liters	Rp. 495,000
Flavoring	1 pack	Rp. 22,000	8 pack	Rp. 176,000
Lettuce	1 kg	Rp. 21,000	15 kg	Rp. 315,000
Sugar	1 kg	Rp. 15,400	10 kg	Rp. 154,000
Cucumber	1 kg	Rp. 9,200	10 kg	Rp. 92,000
Lime	1 kg	Rp. 30,000	8 kg	Rp. 240,000
Oyster				
Sauce	1 bottle	Rp. 21,000	15 bottles	Rp. 315,000
Candlenut	1 kg	Rp. 18,000	8 kg	Rp. 144,000
Soup				
Leaves	1 kg	Rp. 11,800	5 kg	Rp. 59,000
Total				Rp14,294,950

Grilled Sausage Roll

Raw material	Unit	Price	Purchase	Amount
Sausage	500 gr	Rp. 33,000	85 pack	Rp. 2,805,000
Red onion	1 kg	Rp. 39,150	8 kg	Rp. 313,200
Egg	1 shelf	Rp. 40,000	25 shelves	Rp. 1,000,000
Full Cream				
Milk	1 liter	Rp. 20,000	30 liters	Rp. 600,000
Tomato				
Sauce	1 bottle	Rp. 25,000	15 bottles	Rp. 375,000
Flavoring	1 pack	Rp. 22,000	8 pack	Rp. 176,000
Puff Pastry				
Sheets	750 gr	Rp. 36,000	100 pack	Rp. 3,600,000
Total				Rp. 8,869,200

Source: financial data of MIE DRAGON, Losari Beach business

MIE NAGA, a Losari Beach restaurant, produces and serves food using noodles as its main ingredient. The noodles are then priced and spiced to suit various customer preferences.

However, they don't spend money on purchasing noodles, as they have a dedicated facility for producing them themselves.

Table 3. Raw Material Costs in 2021

Complete Dragon Noodles				
Raw material	Unit	Price	Purchase	Amount
Salt	1 kg	Rp. 31,000	5 kg	Rp. 155,000
Garlic	1 kg	Rp. 19,500	15 kg	Rp. 292,500
Red onion	1 kg	Rp. 18,000	28 kg	Rp. 504,000
Chicken Stock				
Powder	1 pack	Rp. 25,000	8 pack	Rp. 200,000
Fibercreme	1 kg	Rp. 131,000	5 kg	Rp. 655,000
Soy sauce	1 bottle	Rp. 21,000	20 bottles	Rp. 420,000
Chili Sauce	1 bottle	Rp. 21,000	20 bottles	Rp. 420,000
Cayenne pepper	1 kg	Rp. 51,600	25 kg	Rp. 1,290,000
Leek	1 kg	Rp. 13,800	25 kg	Rp. 345,000
Dumpling				
Skin	1 pack	Rp. 8,000	72 pack	Rp. 576,000
Frozen				
Meatballs	1 pack	Rp. 25,000	60 pack	Rp. 1,500,000
Egg	1 shelf	Rp. 40,000	15 shelves	Rp. 600,000
Minced				
Chicken	1 kg	Rp. 43,000	70 kg	Rp. 3,010,000
Cooking				
oil	1 liter	Rp. 20,000	45 liters	Rp. 900,000
Flavoring	1 pack	Rp. 22,000	8 pack	Rp. 176,000
Lettuce	1 kg	Rp. 21,000	15 kg	Rp. 315,000
Sugar	1 kg	Rp. 14,000	10 kg	Rp. 140,000
Cucumber	1 kg	Rp. 9,200	10 kg	Rp. 92,000
Lime	1 kg	Rp. 11,000	8 kg	Rp. 88,000
Oyster				
Sauce	1 bottle	Rp. 12,000	15 bottles	Rp. 180,000
Candlenut	1 kg	Rp. 10,000	8 kg	Rp. 80,000
Soup				
Leaves	1 kg	Rp. 11,800	5 kg	Rp. 59,000
Total				Rp. 11,997,500
Grilled Sausage Roll				
Raw material	Unit	Price	Purchase	Amount
Sausage	500 gr	Rp. 33,000	85 pack	Rp. 2,805,000
Red onion	1 kg	Rp. 18,000	8 kg	Rp. 144,000
Egg	1 shelf	Rp. 40,000	25 shelves	Rp. 1,000,000

Full Cream				
Milk	1 liter	Rp. 20,000	30 liters	Rp. 600,000
Tomato				
Sauce	1 bottle	Rp. 21,000	15 bottles	Rp. 315,000
Flavoring	1 pack	Rp. 22,000	8 pack	Rp. 176,000
Puff Pastry				
Sheets	750 gr	Rp. 36,000	100 pack	Rp. 3,600,000
Total				Rp. 8,640,000

Source: financial data of MIE NAGA Losari Beach business.

Price changes for several raw materials can be seen. For example, shallots, garlic, cayenne pepper, and sugar experienced price decreases. Suppliers for salt, soy sauce, chili sauce, minced chicken, lime, and tomato sauce were changed. Furthermore, several other items experienced price increases, product changes, and prices remained unchanged for several other items. The quantity of raw materials remained unchanged, as this was a direct decision of the business owner.

Kaimuddin Idris personally records transactions for each raw material purchase. The process begins when the raw materials team purchases according to the required raw material list. The team then submits proof of purchase, in the form of a receipt obtained from the market, to Kai for recording.

The cost of raw materials used in the MIE NAGA Komplit menu is Rp. 11,997,500 with a production unit of 1,120 portions, resulting in a cost of Rp. 10,712/portion, while for the Grilled Sausage Roll menu, the cost is Rp. 8,640,000 with a production unit of 1,000 portions, resulting in a cost of Rp. 8,640/portion.

Table 4. Cost of raw materials/portion of MIE NAGA Losari Beach in 2021.

Sample Menu	Raw Material Costs	Sales (Portion)	Cost/Portion
Complete Dragon Noodles	Rp. 11,997,500	1120 Portions	Rp. 10,712
Grilled Sausage Roll	Rp. 8,640,000	1000 Portions	Rp. 8,640

Source: processed data by researchers.

Labor costs

In addition to raw material costs, there are also additional costs, such as labor and overhead, to support the production process. Labor costs, or the employee payroll system in this business, are divided into several categories: permanent employees, contract employees, and trainees. The amount of wages also varies depending on their employee status.

Table 5. Labor Costs in 2020

Part	Number of employees	Salary Standard	Salary/Month	1 Year Salary
Permanent employees	3	Rp. 2,600,000	Rp. 7,800,000	Rp. 93,600,000
Contract employees	2	Rp. 1,800,000	Rp. 3,600,000	Rp. 43,200,000
Employee Training	2	Rp. 1,300,000	Rp. 2,600,000	Rp. 31,200,000
Total	7		Rp. 14,000,000	Rp. 168,000,000

Source: financial data of MIE NAGA Losari Beach business.

Table 6. Labor Costs in 2021.

Part	Number of employees	Salary Standard	Salary/Month	1 Year Salary
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Permanent employees	3	Rp. 2,600,000	Rp. 7,800,000	Rp. 93,600,000
Contract employees	1	Rp. 1,800,000	Rp. 1,800,000	Rp. 21,600,000
Employee Training	1	Rp. 1,300,000	Rp. 1,300,000	Rp. 15,600,000
Total	5		Rp. 10,900,000	Rp. 130,800,000

Source: financial data of MIE DRAGON, Losari Beach business

There is a difference between labor costs in 2020 and 2021. This is due to a reduction in the workforce. Furthermore, as we all know, the COVID-19 pandemic at the beginning of 2021 has affected many sectors, including the income instability at MIE NAGA Pantai Losari. Therefore, the owner felt compelled to take additional steps to reduce costs amidst lower revenues. As seen in Tables 5 and 6, the number of permanent employees remained unchanged. This contrasts with the number of contract employees and trainees, which decreased. This is due to strategies or alternatives deemed effective in reducing labor costs.

The total labor cost of the MIE NAGA Pantai Losari business in 2021 was Rp. 130,800,000 in one year. Then for the labor cost per portion on the MIE NAGA Komplit menu, it was Rp. 2,069 which was obtained from the total labor cost of Rp. 130,800,000 for 1 year divided by the total production units of 1,120 portions and the production volume of Rp. 2,200,500, resulting in a total labor cost for this menu of Rp. 2,317,286. Furthermore, for the labor cost per portion on the Grilled Sausage Roll menu, it was Rp. 2,331 which was obtained from the total labor cost of Rp. 130,800,000 for 1 year divided by the total production units of 1,000 portions and the production volume of Rp. 2,200,500, resulting in a total labor cost per person for this menu of Rp. 2,331,300.

Overhead Costs

Table 7. Overhead Costs for 2020.

Overhead Costs	Cost/Month	1 year
Rent	Rp. 25,000,000	Rp. 300,000,000
Water	Rp. 300,000	Rp. 3,600,000
Electricity	Rp. 800,000	Rp. 9,600,000
LPG Gas Cylinder	Rp. 450,000	Rp. 5,400,000
Chopsticks	Rp. 180,000	Rp. 2,160,000
Food Box	Rp. 360,000	Rp. 4,320,000
Total	Rp. 27,090,000	Rp. 325,080,000

Source: financial data of MIE DRAGON, Losari Beach business

There was a difference in costs between 2020 and 2021 due to expenses for venue rental. However, the following year, the venue rental fee was eliminated because the owner purchased it personally without using any money or business income accumulated in previous years.

Table 8. Overhead Costs in 2021

Overhead Costs	Monthly fee	Annual
Water	Rp. 300,000	Rp. 3,600,000
Electricity	Rp. 800,000	Rp9,600,000
LPG gas cylinder	Rp. 450,000	Rp. 5,400,000
Chopsticks	Rp. 165,000	Rp1,980,000
Food box	Rp. 335,000	Rp4,020,000

Total	Rp2,050,000	Rp24,600,000
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Source: financial data for the Mie Naga Pantai Losari business

In addition to the reduction in overhead costs from the elimination of rental fees, there are also price changes in the cost of chopsticks and food boxes. This is because they found a new supplier with a lower price but the quality remains the same. Based on the table above, we can see the total overhead costs incurred by the MIE NAGA Pantai Losari business for each month is Rp. 2,050,000 and for each year is Rp. 24,600,000. Then for the allocation of overhead costs on the MIE NAGA Komplit menu of Rp. 2,000 obtained from the total overhead costs of Rp. 24,600,000 for 1 year divided by the total production units of 1,120 portions and the production volume of Rp. 2,200,500, resulting in a total overhead cost for this menu of Rp. 2,222,500. Furthermore, the overhead cost per portion on the Grilled Sausage Roll menu is Rp. 2.225 obtained from the total overhead costs of Rp. 24,600,000 for 1 year divided by the total production units of 1,000 portions and the production volume of Rp. 2,200,500, resulting in a total overhead cost for this menu of Rp. 2,225,100.

The cost of goods manufactured is then calculated based on a combination of raw material costs, labor costs, and overhead costs. This can be seen in the following table:

Table 9. Cost of Goods Sold/Portion of Mie Naga Pantai Losari in 2021

Menu	Raw Material Costs	Labor costs	Overhead Costs	Cost of Goods Sold/Portion
Complete Dragon Noodles	Rp. 11,997,500	Rp. 2,317,286	Rp. 2,222,500	Rp. 1,476,600
Grilled sausage roll	Rp. 8,640,000	Rp. 2,331,300	Rp. 2,225,100	Rp. 1,319,700

Source: Data processed by researchers

From the table, we can see the cost of goods manufactured, which is calculated by adding up all production costs divided by the number of production units in the relevant year, which is 1,120 portions for the Complete NAGA MIE menu and 1,000 portions for the Grilled Sausage Roll menu. This results in a COGS for the Complete NAGA MIE menu of Rp. 14,766 and for the Grilled Sausage Roll menu of Rp. 13,197.

Stages of Implementing the Target Costing Method

In the following discussion, we will outline the implementation process of the target costing method at MIE NAGA Pantai Losari. As explained in the previous chapter, each stage is as follows:

Determining market prices

In this study, the researchers focused on two menu items: Complete Dragon Noodles and Grilled Sausage Roll, as these items command relatively high prices compared to other menu items. The table below compares prices with several other businesses offering similar menu items, including:

Table 10. Market Price Comparison

Menu Name		Losari Beach Dragon Noodles	Restaurant A	Restaurant B
Complete Dragon Noodles		Rp. 25,000	Rp. 21,000	Rp. 23,000
Grilled sausage roll		Rp. 18,000	Rp. 16,500	Rp. 10,500

Source: Data processed by researchers.

We can see that the market price of MIE NAGA Pantai Losari is also slightly higher than several other restaurants. These prices are obtained directly from the restaurant's menu. Then, to set the profit target for the product, it will be determined directly based on cost analysis and direct policies from management, as well as expected profits. Based on the

comparison in the table above, MIE NAGA Pantai Losari decided to set the selling price for the MIE NAGA Complete menu at Rp. 23,000 and for the Grilled Sausage Roll menu at Rp. 16,500. This is expected to be able to make MIE NAGA Pantai Losari competitive within the set price targets.

Determining and calculating the expected profit target using the target costing method

At this stage, the researcher will determine the company's expected profit, namely a 40% profit from the Complete MIE NAGA menu and a 40% profit from the Grilled Sausage Roll menu. Next, the researcher will calculate the target profit using the following formula:

$$\boxed{\text{Target costing} = \text{Sales Price} - \text{Product Profit Per Unit}}$$

Complete Dragon

$$\begin{aligned} \text{Noodles} &= \text{Rp. 23,000} - (40\% \times \text{Rp. 23,000}) \\ &= \text{Rp. 23,000} - \text{Rp. 9,200} \\ &= \text{Rp. 13,800} \end{aligned}$$

$$\begin{aligned} \text{Grilled sausage roll} &= \text{Rp. 16,500} - (40\% \times \text{Rp. 16,500}) \\ &= \text{Rp. 16,500} - \text{Rp. 6,600} \\ &= \text{Rp. 9,900} \end{aligned}$$

Based on these calculations, we can see the target cost for each menu item. For the Complete NAGA Noodles, it's Rp. 13,800, and for the Grilled Sausage Roll, it's Rp. 9,900. These values provide business owners with an idea of the target cost of their products.

Conducting value engineering

MIE NAGA Losari Beach has decided to take the middle value of the two product prices that have previously been compared with the price of their own product. This alternative in reducing product prices is expected to increase the number of sales units. For the MIE NAGA Complete menu which was previously sold at Rp. 25,000 to Rp. 23,000 and for the Grilled Sausage Roll menu which was previously sold at Rp. 18,000 to Rp. 16,500. Then, to meet the targets that are truly in accordance with what is expected by the business owner, the researcher provides additional alternatives to be used as considerations in making decisions. This alternative is value engineering which is also an advanced part of the target costing method stage.

Researchers then suggested that by using this alternative, they maintain the quality, quantity, and distinctive flavor of their products, but instead seek out suppliers of raw materials of the same or even better quality at lower costs than before. We can see these cost changes directly in the following table:

Table 11. Comparison of production costs before and after value engineering

Raw material	Budget (BP 2020)	Realization (PB 2021)	The difference	%
Salt	Rp. 200,000	Rp. 155,000	Rp. 45,000	22.5%
Garlic	Rp. 378,750	Rp. 292,500	Rp. 86,250	22.7%
Red onion	Rp. 1,096,200	Rp. 504,000	Rp. 592,200	54%
Chicken stock				
powder	Rp. 224,000	Rp. 200,000	Rp. 24,000	10.7%
Fibercreme	Rp. 655,000	Rp. 655,000	Rp -	-
Soy sauce	Rp. 500,000	Rp. 420,000	Rp. 80,000	16%
Sabal Sauce	Rp. 500,000	Rp. 420,000	Rp. 80,000	16%
Cayenne				
pepper	Rp. 2,250,000	Rp. 1,290,000	Rp. 960,000	42.6%
Leek	Rp. 325,000	Rp. 345,000	-Rp 20,000	6.1%

dumpling				
skin	Rp. 576,000	Rp. 576,000	Rp -	-
frozen				
meatballs	Rp. 1,500,000	Rp. 1,500,000	Rp -	-
Egg	Rp. 600,000	Rp. 600,000	Rp -	-
Minced				
chicken	Rp. 3,500,000	Rp. 3,010,000	Rp. 490,000	14%
Cooking oil	Rp. 495,000	Rp. 900,000	-Rp 405,000	81.8%
Flavoring	Rp. 176,000	Rp. 176,000	Rp -	-
Lettuce	Rp. 315,000	Rp. 315,000	Rp -	-
Sugar	Rp. 154,000	Rp. 140,000	Rp. 14,000	9%
Cucumber	Rp. 92,000	Rp. 92,000	Rp -	-
Lime	Rp. 240,000	Rp. 88,000	Rp. 152,000	63.3%
Oyster				
sauce	Rp. 315,000	Rp. 180,000	Rp. 135,000	42.8%
Candlenut	Rp. 144,000	Rp. 80,000	Rp. 64,000	44.4%
Parsley	Rp. 59,000	Rp. 59,000	Rp -	-
Total	Rp. 14,294,950	Rp. 11,997,500	Rp. 2,297,450	16%

Grilled Sausage Roll

Raw material	Budget (BP 2020)	Realization (PB 2021)	The difference	%
sausage	Rp. 2,805,000	Rp. 2,805,000	Rp -	-
Red onion	Rp. 313,200	Rp. 144,000	Rp. 169,200	54%
Egg	Rp. 1,000,000	Rp. 1,000,000	Rp -	-
Full cream milk	Rp. 600,000	Rp. 600,000	Rp -	-
Tomato				
sauce	Rp. 375,000	Rp. 315,000	Rp. 60,000	16%
Flavoring	Rp. 176,000	Rp. 176,000	Rp -	-
Puff pastry sheets	Rp. 3,600,000	Rp. 3,600,000	Rp -	-
Total	Rp. 8,869,200	Rp. 8,640,000	Rp. 229,200	2.5%
Total Raw Material Cost	Rp. 23,164,150	Rp. 20,637,500	Rp. 2,526,650	10.90%

Labor costs	Budget (BP 2020)	Realization (PB 2021)	The difference	%
Permanent employees	Rp. 93,600,000	Rp. 93,600,000	Rp -	-
Contract employees	Rp. 43,200,000	Rp. 21,600,000	Rp. 21,600,000	50%
Employee training	Rp. 31,200,000	Rp. 15,600,000	Rp. 15,600,000	50%
Total	Rp. 168,000,000	Rp. 130,800,000	Rp. 37,200,000	22.1%

Overhead Costs	Budget (BP 2020)	Realization (PB 2021)	The difference	%
Rent	Rp. 300,000,000	Rp -	Rp. 300,000,000	-
Water	Rp. 3,600,000	Rp. 3,600,000	Rp -	-
Electricity	Rp. 9,600,000	Rp. 9,600,000	Rp -	-
LPG gas cylinder	Rp. 5,400,000	Rp. 5,400,000	Rp -	-
Chopsticks	Rp. 2,160,000	Rp. 1,980,000	Rp. 180,000	8.3%
Food Box	Rp. 4,320,000	Rp. 4,020,000	Rp. 300,000	6.9%
Total	Rp. 325,080,000	Rp. 24,600,000	Rp. 300,480,000	92.4%

Source: Data processed by researchers.

From the table above, it is very clear that there is a difference in the final production costs from before to after using value engineering. The difference between raw material costs incurred in 2020 and 2021 is Rp. 23,164,150 and Rp. 20,637,500, resulting in a difference of Rp. 2,526,650. Then, for labor, costs amounted to Rp. 168,000,000 in 2020 and costs amounted to Rp. 130,800,000 in 2021, resulting in a difference of Rp. 37,200,000. Overhead costs amounted to Rp. 325,080,000 in 2020 and costs amounted to Rp. 24,600,000 in 2021, resulting in a difference of Rp. 300,480,000. The table also shows the percentage change in each cost incurred by MIE NAGA Pantai Losari during its production process. This percentage represents a ratio indicating the level of change in overall costs. Raw material costs accounted for 10.9%, labor costs 22.1%, and overhead costs 92.4%. These final results demonstrate that this alternative choice significantly impacts production cost efficiency.

Table 12. Comparison of Net Profit for Both Products

2020 Revenue	2021 Revenue	Difference	%
Rp. 9,488,868	Rp. 16,266,314	Rp. 6,777,446	71.4 ⁰ %

Source: financial data of Mie Naga Pantai Losari business.

Table 12 shows a significant difference between net income or profit in 2020 and 2021 for both menus, namely Complete Dragon Noodles and Grilled Sausage Roll. Then obtained a difference of Rp. 6,777,446 with a percentage of 71.4% of the initial 2020 income of Rp. 9,488,868 minus the 2021 income of Rp. 16,266,314. This clearly shows a change in profit before and after the implementation of the target costing method. Then when the company also sets a low selling price and is able to compete well in the market, this also directly helps the company in obtaining and achieving profits in accordance with the expected target or even beyond that.

The method or calculation used by this company only looks at costs directly incurred in the production process, without taking other costs into account. Product pricing is also determined only by accumulating all direct costs determined according to existing market prices. Based on the results of research on MIE NAGA Pantai Losari in applying the target costing method, this business can then re-plan by replacing or reducing any factors that can reduce costs in the production process. Then, for product prices calculated using information obtained from competitors' prices in the market, it becomes the basis for calculating production costs or target costing. This can be used as a standard or benchmark in assessing the extent to which this business is able to see and determine production prices and product quality, thus making it easier for this business to achieve their desired profit percentage.

4. Conclusion

Based on the results of the discussion, calculations and data processing, several conclusions can be drawn as follows: (1). The production cost calculations carried out by the MIE NAGA Losari Beach business were initially carried out traditionally. In other words, they only calculated the costs involved in the production process and then determined the selling price. The results of this study also show that the target costing method has a positive impact on production cost allocation and certainly facilitates management in making decisions regarding strategies that can improve their business in the future. The cost calculations

presented by the researcher in the previous chapter also provide a detailed and easy-to-understand description and explanation of the various alternatives offered to streamline production costs when implementing this target costing method. (2). This target costing method is said to be an alternative to efficient production costs because in practice all costs in the production process are clearly explained starting from raw material costs, labor costs, overhead costs and other production costs are then calculated according to the target method. costs. Then after applying this target costing method and conducting value engineering, it is proven that there is efficiency or a decrease in production costs that occur in the Complete NAGA MIE and Grilled Roll Sausage menus which previously incurred production costs of Rp. 516,244,150 to Rp. 176,037,500, thus showing a difference of Rp. 340,206,650 for all production costs.

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