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Analysis of Production Cost Control for Determining Selling Prices at UD. Mansur Furnitur

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Abstract

This research aims to determine the implementation of UD production cost control. Mansur in determining the right selling price so as to increase production efficiency. This research uses a quantitative descriptive approach. The data sources used are primary and secondary data. The data analysis technique used in this research is Standard Costing Analysis (Variance Analysis). The results of this research show that the total production costs according to UD. Mansur before controlling costs amounting to Rp. 31,352,250 per 10 units with a price per unit of Rp. 3,135,225. after researching by looking at the standards and realization of Rp. 29,690,125 with a price per unit of Rp. 2,969,012.5. UD. Mansur has not controlled costs well, but the results of this research can provide input to UD management. Mansur reduces production costs by carrying out variance analysis.

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1. Introduction

Indonesia is the largest wood producer in the world with various types of wood grown domestically. In this position, Indonesia is a very profitable country because it is rich in natural resources. Most of the world's tropical forests include Indonesia. There are various types of processed wood from Indonesia's tropical forests. The wood produced includes plywood and other processed wood products, as well as pulp production (Wildayanti; *et al.,* 2019). This potential gives Indonesia great business opportunities, especially among furniture entrepreneurs. Currently, many industrial companies use wood as a raw material to produce various finished goods which are in great demand by domestic and foreign markets. For companies engaged in trading and producing processed wood with product quality that is able to compete and generate higher profits. In this way, Indonesia can take advantage of this opportunity to produce high quality and profitable processed wood products.

To compete in the periodic furniture market, it is necessary to control prices, especially in calculating the cost of production. The selling price of a product is determined from the price of the production product. If the calculation of the cost of production is not clear, it is difficult to determine the selling price on the market (Bintang, 2019). Determining the selling price incorrectly often results in the difficulty of determining investment return indicators and the difficulty of carrying out financial control in general. Inaccuracy of the selling price will pose a risk to profit disclosure in the financial statements. For this reason, every business entity should set its selling price appropriately so that it can predict investment returns and pay taxes and share profits. So in essence, every business entity can reveal the expected profit (profit), so that the company can control its finances and predict the return on its investment (Suryadi, 2022). Thus, determining the selling price should be in line with determining the cost of goods sold.

Selling prices for UD wooden furniture products. Mansur furniture is often constrained by selling prices, so competitors sell below the selling price of UD products. Mansur furniture. This happens because the selling price of UD. Mansur furniture is not based on cost price calculations, and does not control costs and work volume. Basically UD. Mansur furniture only carries out production based on a cash flow system, namely how much cash out is used when the product is finished and how much cash comes in at the time of sale. So, this will result in inaccuracies in calculating the cost of production and actual production costs. By calculating all production costs, it will be

appropriate to determine the actual selling price.

Waste often occurs in the UD production process. Mansur furniture. One of them is the waste of raw materials such as wood. Because if you cut it wrong or make the wrong model, the wood will be wasted. The cause of waste is that it causes losses (Pradana, 2019). Apart from that, it is common for there to be a waste of time, where employees are not enthusiastic about carrying out their duties and responsibilities. This low work morale will reduce employee interest in improving their abilities and developing themselves. There is also often a waste of inventory due to too much unused inventory, this can result in a waste of space and money. For this reason, it is important to apply Lean manufacturing principles (Hartini *et a*l., 2020)

Previous research on Cost Prices and Cost Control has had varying results. Research with the title Standard Costs as a Tool for Controlling Production Costs in CV Paving Block Businesses (Ridzal, 2019). Batako Anugerah Bau-bau shows that the variance analysis of raw material costs, labor costs and factory overhead costs shows that there is an excess difference, because the standard costs are higher than the actual costs. To avoid waste and inventory piling up, it is recommended that management in purchasing and using raw materials, labor use and factory overhead need more effective supervision and in setting standard costs, they still take into account historical costs. Research entitled *Analysis of Production Cost Control in Determining the Cost of Goods Sold at PT. Campina Ice Cream Industry Tbk* (listed on the IDX) shows that the company's cost of production calculation of IDR 438,114,011,751 is lower than the calculation using the full costing method of IDR 481,925,412,926, and that controlling production costs plays a very important role in determining the cost of production (Srikandi et al., 2023). The full costing method is more profitable for the company because it charges all costs that affect the production process, thus producing an accurate cost of production. Regarding the results of previous research which showed different results, the researchers wanted to try to review it again and find out whether UD. Mansur has implemented production cost control to determine the right selling price and can increase production cost efficiency. Which of course provides many benefits, one of which can contribute to the main policy for furniture making SMEs, that one way to determine selling prices is by controlling production costs.

2. Literature Review

2.1 Financial Statement Disclosure Theory

Disclosure of financial reports states that each financial report is a quantification of the position of assets, debt, and capital in a certain period (Stice, 2020). Disclosure of assets, liabilities and capital in cost control is an important part of financial accounting. Disclosure of assets, debt and capital includes recognition, classification, measurement, presentation and disclosure in financial reports. Report theory in controlling production costs for determining selling prices has an important role where the company's production costs must work well to determine the right selling price. Management accounting has an important role in terms of production costs, where the effectiveness of controlling production costs is assessed on the ability of the cost center to achieve the expected production volume at a certain quality level (Badriah, *et al*., 2022).

2.2 Unit Cost Theory

Unit cost theory states that the selling price per unit is based on the cost of production per unit, which consists of raw material costs per unit, labor costs per unit, and overhead costs per unit (Mahagiyani, 2019). Controlling production costs for determining selling prices is closely related to controlling production costs and determining selling prices. Unit cost is the cost per unit required to produce a product. By understanding unit costs, companies can control production costs and determine the right selling price. Unit cost or cost per unit is the result of dividing the total costs required by the number of production units produced (Mahagiyani, 2019). By calculating unit costs, companies can find out the costs incurred to produce one unit of product. The size of the unit cost is influenced by the size of the capital costs and the number of products produced.

2.3 Cost Accounting

Cost accounting is a financial recording process that groups and summarizes the costs of producing and selling a product or service in a certain way. This step is necessary as a form of business accountability to external parties (investors and creditors) and internal parties (management and business owners). According to (Astarani, 2019) Cost accounting is part of

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financial accounting and management accounting.

2.4 Production Cost

Production costs according to L.G Rayburn (1995,27) "Production costs include the direct material, direct labor, and factory overhead incurred to produce a good or service". is the largest expenditure for manufacturing companies, therefore management must control production costs and optimize their use rationally and systematically so that production costs become rational and effective (Atmanto & M.G.Wi Endang, 2019). Production costs can be said to be efficient if these costs do not result in waste and are able to produce product output with good quantity and quality. For this reason, a systematic effort is needed in the company by comparing work performance with plans and taking appropriate action for the differences. The classification of Production Costs is as follows:

1. Raw Material Costs

   Raw Material Costs are costs incurred in order to obtain raw materials that are ready to be used, which also include various costs, namely storage, transportation and operational costs.
2. Labor Costs

   Labor costs are the price or certain amount of rupiah paid to workers or employees who work in the production department. Labor costs are usually classified into wages and salaries. Salaries are labor costs that are paid regularly (of a general nature) for the purposes of personnel or management services, while wages are paid for labor costs based on hours, days or parts of work.
3. Factory Overhead Costs

Factory Overhead Costs are a cost category in industrial cost accounting that includes all factory production costs apart from direct raw material costs and direct labor costs. These factory overhead costs cannot be attributed directly to a specific product, but they are part of the production process. Factory overhead costs are costs other than direct raw material costs and direct labor but help in carrying out the production process (Hasna & Purnama, 2021)

2.5 Production Cost Control

Production cost control is part of management to measure the level of production cost efficiency. Control is carried out with the aim that what has been planned can be carried out well so that the targets and objectives to be achieved can be achieved. According to Anthony and Reece (1984:824) define a management control system as a system that controls every activity that takes place in a company with the aim of determining the right strategy to implement and achieve company goals (Kaligis & Lumempouw, 2021).

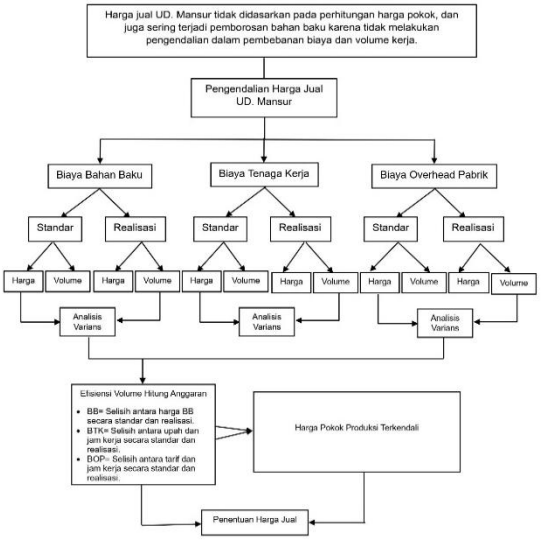
2.6 Costing Standards

Standard costing is the amount of costs that have been determined in advance to be incurred when making a product or as financing for certain activities by considering efficiency and several other elements (Mulyadi & Haryoso, 2019).Meanwhile, according to (Cindy *et al*., 2022) a number of costs have been set at the beginning as costs that will be used in producing certain products within a period of time.

2.7 Cost of Production

The cost of production or cost of production is an important factor in assessing the success of trading and manufacturing companies. The application of production costs is very important because the purpose of production cost information is to determine product selling prices and determine the cost of finished goods in inventory and goods in process which will be presented in the balance sheet report (Supriyono, 2020).

3. Research Methods



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3.1 Method of Collecting Data

The type of research used in this research is a quantitative descriptive approach with cost accounting calculations to describe and explain the phenomenon studied. The data collection method uses primary and secondary data, the data of which is collected by conducting interviews, literature studies and documentation. This research is a case study in Kab. Sinjai, precisely at UD. Mansur Furniture.

3.2 Data analysis method

Data analysis methods to overcome problems formulated and raised with the aim of strengthening the ideas put forward in this research. This research uses a descriptive analysis method with standard costing techniques, namely analyzing the difference between standard price and volume and price and volume based on realization. Next, an evaluation is carried out to determine how much deviation there is from controlling the cost of production.

The main components in standard costing include:

1. Labor costs

Labor costs are obtained from the following formula:

$$\textbf{\textit{Hours worked per person}} \times \textbf{\textit{Hourly rate}}$$

2. Raw Materials

Then there are also material costs which are calculated using the following formula:

$$\textbf{\textit{Quantity of each material}} \times \textbf{\textit{Price of material}}$$

3. Overhead Costs

Overhead costs, both fixed and variable, are determined by:

$$\textbf{\textit{Fixed salary}} + (\textbf{\textit{Machine hours}} \times \textbf{\textit{Machine rate}})$$

These components (except labor rates) are calculated as estimates only. The main formula for calculating standard costing is as follows:

$$\textbf{\textit{Standard costs}} = \textbf{\textit{Raw Material Costs}} + \textbf{\textit{Labor Costs}} + \textbf{\textit{Overhead}}$$

The control stages are carried out as follows:

Table 1 Control of Cost of Production-Raw Material Costs

Standard Raw Material Prices	Realized Raw Material Prices	Difference
Standard Raw Material Volume	Realized Raw Material Volume	Difference

Table 1 presents the control of raw material costs by comparing the standard and realized prices and volumes of raw materials. The differences indicate whether the actual raw material costs and usage were higher or lower than the standards established by the company.

Table 2 Control of Cost of Production-Labor Costs

Standard Wage	Realized Wages	Difference
Standard working hours	Actual working hours	Difference
Standard Number of Employees	Number of Realized Employees	Difference

Table 2 shows the control of labor costs through a comparison of standard and realized wages, working hours, and number of employees. The differences obtained can be used to assess the efficiency of labor utilization and identify deviations from the predetermined labor cost standards.

Table 3 Control of Cost of Production-Overhead Costs

Standard Rate	Realized Rates	Difference
Standard Working Hours	Realized Working Hours	Difference

Table 3 presents the control of production overhead costs by comparing standard and realized overhead rates and working hours. The differences show the level of efficiency in using production facilities and other indirect resources during the production process.

4. Results and Discussion

4.1 Production Cost Budget

a. Raw Material Cost Budget

Raw material costs are expenses that a company has in order to meet all raw material needs in the production process. The budgeted raw material costs in table 4.1 are based on the previous month's realization at a capacity of 10 units per month. The raw material costs are mainly processed wood which has been adjusted in shape to the furniture product to be produced. The standardized purchase price is basically the purchase price and transportation costs to the production location. Meanwhile, production units are in cubic units. The standard raw material costs and their realization can be seen in table 4 and table 5 below:

Table 4 Standard Raw Material Costs

Information	Unit	Qyt	Unit price	Amount
Teak wood	Cubic	5	Rp. 3,500,000	Rp. 17,500,000
Total				Rp. 17,500,000

Based on Table 4, the standard raw material cost for producing the product was determined using 5 cubic meters of teak wood at a standard price of Rp3,500,000 per cubic meter. Therefore, the total standard raw material cost was Rp17,500,000.

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Table 5 Realized Raw Material Costs

Information	Unit	Qyt	Unit price	Amount
Teak wood	Cubic	4.5	Rp. 3,500,000	Rp. 15,750,000
Total				Rp. 15,750,000

Based on Table 5, the actual raw material used was 4.5 cubic meters of teak wood at a price of Rp3,500,000 per cubic meter. Thus, the total realized raw material cost was Rp15,750,000, which was Rp1,750,000 lower than the predetermined standard cost.

b. Labor Cost Budget

Labor costs are the price or certain amount of rupiah paid to workers or employees who work in the production department. Budgeted labor costs are in table 6 and realization is in table 7 at a capacity of 10 units per month. The parts of labor costs to complete a furniture product are the assembly part, the putty/deco part, and the assembly part. The following are the standards and realization of Labor Costs at UD. Mansur Furniture:

Table 6 Standard Labor Costs

Information	Number of employees	Working Hours /day	Wages	Amount of wages
Assembly Part	2	8	Rp. 100,000	Rp. 200,000
Putty/deco part	2	8	Rp. 100,000	Rp. 200,000
Finishing part	2	8	Rp. 100,000	Rp. 200,000
Total			Rp. 600,000	

Based on Table 6, the standard labor cost involved six employees assigned to the assembly, putty/decorating, and finishing sections. Each section employed two workers for eight hours per day, with a standard wage of Rp100,000 per employee, resulting in a total standard labor cost of Rp600,000.

Table 7 Realized Labor Costs

Information	Number of employees	Working Hours /day	Wages	Amount of wages
Assembly Part	2	10	Rp. 150,000	Rp. 300,000
Part putty/deco	2	9	Rp. 120,000	Rp. 240,000
Finishing part	2	9.5	Rp. 120,000	Rp. 240,000
Total				Rp. 780,000

Based on Table 7, the realized labor cost amounted to Rp780,000 for six employees. The actual working hours and wage rates were higher than the predetermined standards, resulting in an increase of Rp180,000 compared with the standard labor cost.

c. Overhead Cost Budget

Other production costs, which are included in factory overhead costs, consist of indirect raw material costs or auxiliary costs, indirect labor costs and electricity costs. Basically, the factory overhead budget is also based on the realization of the previous period's budget with the assumption that production capacity is still the same. The basis for charging is the working hours for direct labor, while auxiliary materials are generally standardized based on the production unit and electricity costs are standardized based on the watts of the machine used. The details of indirect raw material costs, indirect labor costs, and standard and actual electricity costs can be seen in the following table:

Table 8 Standard Indirect Raw Material Costs

Information	Unit	Qyt	Unit price	Amount
3 cm nails	Kg	3	Rp. 30,000	Rp. 90,000
2 cm nails	Kg	3	Rp. 30,000	Rp. 90,000
Coarse Sandpaper	Meters	15	Rp. 20,000	Rp. 300,000
Fine Sandpaper	Meters	15	Rp. 20,000	Rp. 300,000
Door Hinges	Seed	120	Rp. 10,000	Rp. 1,200,000
Door handle	Fruit	40	Rp. 10,000	Rp. 400,000
Lock the door	Fruit	40	Rp. 20,000	Rp. 800,000
wood filler/sungkai	Kg	8	Rp. 70,000	Rp. 560,000
Tinner	Liter	10	Rp. 15,000	Rp. 150,000
Wood glue	Kg	12	Rp. 20,000	Rp. 240,000
Dye	kg	8	Rp. 100,000	Rp. 800,000
Screw	Dos	2	Rp. 5,000	Rp. 10,000
clear gloss	Liter	15	Rp. 45,000	Rp. 675,000
Total				Rp. 5,615,000

Based on Table 8, the standard indirect raw material cost consists of various supporting materials used in the production process, including nails, sandpaper, hinges, door accessories, wood filler, thinner, glue, dye, screws, and clear gloss. The total standard cost of these indirect raw materials was determined at Rp5,615,000.

Table 9 Realization of Indirect Raw Material Costs

Information	Unit	Qyt	Unit price	Amount
3 cm nails	Kg	2.5	Rp. 23,000	Rp. 57,500
2 cm nails	Kg	2.5	Rp. 30,000	Rp. 75,000
Coarse Sandpaper	Meters	18	Rp. 10,000	Rp. 180,000

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Information	Unit	Qyt	Unit price	Amount
Fine Sandpaper	Meters	15	Rp. 20,000	Rp. 300,000
Door Hinges	Fruit	120	Rp. 15,000	Rp. 1,800,000
Door handle	Fruit	40	Rp. 10,000	Rp. 400,000
Lock the door	Fruit	40	Rp. 20,000	Rp. 800,000
wood filler/sungkai	Kg	10	Rp. 70,000	Rp. 700,000
Tinner	Liter	13	Rp. 15,000	Rp. 195,000
Wood glue	Kg	10	Rp. 25,000	Rp. 250,000
Dye	kg	5	Rp. 100,000	Rp. 500,000
Screw	Dos	2	Rp. 5,000	Rp. 10,000
clear gloss	Liter	20	Rp. 45,000	Rp. 900,000
Total	Rp. 6,167,500			

Based on Table 9, the realized indirect raw material cost amounted to Rp6,167,500. This amount was Rp552,500 higher than the standard cost of Rp5,615,000, mainly due to increases in the costs of door hinges, wood filler, thinner, and clear gloss.

Table 10 Standard Indirect Labor Costs

Information	Number of employees	Working hours	Wages	Amount of wages
Supervision/ Cleanliness	1	8	Rp. 150,000	IDR 150,000

Table 10 shows that the standard indirect labor cost for supervision and cleaning activities involved one employee working eight hours. The predetermined wage was Rp150,000, resulting in a total standard indirect labor cost of Rp150,000.

Table 11 Realized Indirect Labor Costs

Information	Number of employees	Working hours	Wages	Amount of wages
Management/ Cleaning	1	9	IDR 180,000	IDR 180,000

Based on Table 11, the realized indirect labor cost involved one employee working nine hours with a wage of Rp180,000. Therefore, the actual indirect labor cost was Rp30,000 higher than the predetermined standard cost.

Table 12 Standard Electricity Costs

Information	Watt	Average Rates	Amount
Electricity cost	900	Rp. 1,352	IDR 1,216,800

Table 12 shows that the standard electricity cost was calculated based on 900 watts at an average rate of Rp1,352. The total standard electricity cost was therefore determined at Rp1,216,800.

Table 13 Realized Electricity Costs

Information	Watt	Average Rates	Amount
Electricity cost	750	Rp. 1,352	IDR 1,014,000

Based on Table 13, the realized electricity cost was calculated using 750 watts at an average rate of Rp1,352, resulting in a total cost of Rp1,014,000. This amount was Rp202,800 lower than the standard electricity cost.

4.2 Production Cost Variance Analysis

a. Raw Material Cost Variance Analysis

Raw Material Cost Variance Analysis Testing is carried out to compare the difference between standard and actual raw material prices and volumes. For more details, see the following table:

Table 14 Results of Variance Analysis of Raw Material Costs

Information	Qyt	Unit price	Variance	Information
Standard Teak Wood	5	Rp. 3,500,000		
Realized Teak Wood	4.5	Rp. 3,500,000		
Volume Variance	-0.5	Rp. 3,500,000	-Rp 1,750,000	Favorite
Price variance	5	Rp -	Rp -	Stable

The volume of raw materials used in the production of 4 door cupboards can be saved of 0.5 units, while the purchase price remains within the budget. Savings on the use of raw materials occurs because carvings are prioritized rather than the volume of wood in the body of the cupboard being produced.

b. Labor Cost Variance Analysis

Labor Cost Variance Analysis Testing is carried out to compare the difference between the number of employees, wages and working hours on a standard and actual basis. For more details, see the following table:

Table 15 Results of Variance Analysis of Labor Costs (Assembly)

Information	Number of employees	Working hours/ day	Wages	Variance Information	
Budget Assembly Section	2	8	Rp. 100,000		
Realization Assembly Part	2	10	Rp. 150,000		
Variance Number of Employees	0	8	Rp. 100,000	Rp -	Stable
Wage Variance	2	8	Rp. 50,000	IDR 800,000	Favorite

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Working Hours Variance	2	2	Rp. 100,000	IDR 400,000	Favorite

Table 15 shows that the number of employees in the assembly section remained stable at two workers. However, the realized wage and working hours were higher than the budget, resulting in a wage variance of Rp800,000 and a working-hours variance of Rp400,000. Therefore, these variances should be categorized as unfavorable because they increased labor costs.

Table 16 Results of Variance Analysis of Labor Costs (Putty)

Information	Number of employees	Working hours /day	Wages	Variance Informa	Information
Budget Putty Section	2	8	Rp. 100,000		
Realization Putty Part	2	9	Rp. 120,000		
Variance Number of Employees	0	8	Rp. 100,000	Rp -	Stable
Wage Variance	2	8	Rp. 20,000	IDR 320,000	Favorite
Working Hours Variance	2	1	Rp. 100,000	IDR 200,000	Favorite

Based on Table 16, the number of employees in the putty section was consistent with the budget. However, the increase in wages and working hours resulted in a wage variance of Rp320,000 and a working-hours variance of Rp200,000, both of which were unfavorable to the company.

Table 17 Results of Variance Analysis of Labor Costs (Finishing)

Information	Number of employees	Working hours /day	Wages	Variance	Information
Budget Assembly /finishing section	2	8	Rp. 100,000		
Realization assembly /finishing section	2	9.5	Rp. 120,000		
Variance Number of Employees	0	8	Rp. 100,000	Rp -	Stable
Wage Variance	2	8	Rp. 20,000	Rp. 320,000	Favorite
Working Hours Variance	2	1.5	Rp. 100,000	Rp. 300,000	Favorite

The use of employees in the production of 4 door cabinets remains stable or the same as budgeted, mainly in the assembly, caulking and *finishing sections*, namely 2 people. The use of wages for assembly parts results in waste wages amounted to IDR 50,000, and the actual working hours against the budget also resulted in a waste of 2 hours, this is because the assembly process takes longer for forming and assembling activities while the workforce used is only 2 people. Because the workforce is limited, working hours are increased so that wages also increase. The same thing happened in the putty section, namely a waste of IDR 20,000 in wages and a waste of 1 hour of working hours, this was because in the putty section there was additional activity before putting it on, as well as applying putty to areas that needed repair such as cracks, defects or unevenness, so it takes a long time and the wages increase according to the hours worked. Lastly, in the finishing section there was a waste of wages amounting to Rp. 20,000 and the actual working hours also increased by 1.5 hours. This is because there are additional activities to check the quality of materials and the quality of caulking before finishing. Resulting in increased working hours and wages for working hours also increased.

c. Factory Overhead Cost Variance Analysis

Factory Overhead Cost Variance Analysis Testing was carried out to compare the difference between standard and actual Tariffs and Working Hours. The components in Factory Overhead Costs are Indirect Raw Material Costs, Indirect Labor Costs, and Electricity Costs.

1. Indirect Raw Material Costs

Table 18 Results of BBTL Analysis (3 cm Nails)

Information	Qyt	Unit price	Variance	Information
3 cm nails (Standard)	3	Rp. 30,000		
3 cm nails (Realization)	2.5	Rp. 23,000		
Quantity Variance	-0.5	Rp. 30,000	Rp. – 15,000	Favorite
Price Variance	2.5	Rp. - 7,000	Rp. – 17,500	Favorite

Table 19 BBTL Analysis Results (2 cm Nails)

Information	Qyt	Unit price	Variance	Information
2 cm nails (Standard)	3	Rp. 30,000		
2 cm nails (Realization)	2.5	Rp. 30,000		
Quantity Variance	-0.5	Rp. 30,000	Rp. – 15,000	Favorite
Price Variance	2.5	Rp. -	Rp. -	Stable

There is a savings in the volume of 3 cm nails and 2 cm nails in the production of 4 door cupboards of 0.5 units, due to the use of nail substitute materials such as screws. The use of nails in making the product was 2.5 kg, whereas the budget was 3 kg. Wrong technique can also

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result in many nails being bent and wasted, so technically we are directed to install nails correctly so that there is no waste of nails. Using a lot of nails can also damage the aesthetics of the product because the appearance of a lot of nails can reduce the beauty of the production. The purchase price of 3 cm nails can save Rp. 7,000 because at that time UD. Mansur gets a discount for 3 cm nails. while the price on 2 cm nails remains within budget. Saving 0.5 kg of nails replaced with screws in the same function and volume.

Table 20 Results of BBTL Analysis (Coarse Sandpaper)

Information	Qyt	Unit price	Variance	Information
Coarse sandpaper (Standard)	15	Rp. 20,000		
Coarse sandpaper (Realization)	18	Rp. 10,000		
Quantity Variance	3	Rp. 20,000	Rp. 60,000	Favorite
Price Variance	18	Rp. – 10,000	Rp. - 180,000	Favorite

There was a waste of using a volume of 3 pieces of coarse sandpaper, this happened because the material used was still rough, so more sandpaper was needed. Coarse sandpaper is used to remove dirt, wood chips, saw marks, uneven wooden surfaces, and smooth the texture of wooden surfaces, especially on old or worn wood used as cupboard materials. The purchase price of coarse sandpaper can save Rp. 10,000 for buying in large quantities.

Table 21 Results of BBTL (Fine Sandpaper) Analysis

Information	Qyt	Unit price	Variance	Information
Fine sandpaper (Standard)	15	Rp. 20,000		
Fine sandpaper (Realization)	15	Rp. 20,000		
Quantity Variance	0	Rp. 20,000	Rp. -	Stable
Price Variance	15	Rp. –	Rp. -	Stable

The use of volumes of fine sandpaper in making furniture is in accordance with the budget. Because previously it had been sanded roughly but not yet smooth, so it was necessary to use fine sandpaper to create a smoother wood surface. Using fine sandpaper can increase the adhesion of *finishing,* smooth wooden surfaces will be easier for *finishing materials*, such as paint, to adhere to. The purchase price of fine sandpaper is also within your budget.

Table 22 Results of BBTL Analysis (Door Hinge)

Information	Qyt	Unit price	Variance	Information
Door hinges (Standard)	120	Rp. 10,000		
Door hinge (Realization)	120	Rp. 15,000		
Quantity Variance	0	Rp. 10,000	Rp. -	Stable
Price Variance	120	Rp. 5,000	Rp. 600,000	Favorite

The volume of door hinges used in making a 4-door cupboard remains the same as the budget, namely 120 pieces, because in 1 unit of cupboard there are 12 pieces installed. The purchase price occurred wastage of Rp. 5,000.

Table 23 BBTL Analysis Results (Door Handles)

Information	Qyt	Unit price	Variance	Information
Door Handle (Standard)	40	Rp. 10,000		
Doorknob (Realization)	40	Rp. 10,000		
Quantity Variance	0	Rp. 10,000	Rp. -	Stable
Price Variance	40	Rp. -	Rp. -	Stable

The use of the volume of door handles in making cupboards is in accordance with the budget, while the purchase price is also in accordance with the budget.

Table 24 Results of BBTL (Door Lock) Analysis

Information	Qyt	Unit price	Variance	Information
Door Lock (Standard)	40	Rp. 20,000		
Door lock (Realization)	40	Rp. 20,000		
Quantity Variance	0	Rp. 20,000	Rp. -	Stable
Price Variance	40	Rp. -	Rp. -	Stable

The use of door locks is within the budget, while the purchase price is also appropriate.

Table 25 Results of BBTL Analysis (Wood Filler/Sungkai)

Information	Qyt	Unit price	Variance Informati	on
Wood filler/sungkai (Standard)	8	Rp. 70,000		
Wood filler/sungkai (Realization)	10	Rp. 70,000		
Quantity Variance	2	Rp. 70,000	Rp. 140,000	Favorite
Price Variance	10	Rp. -	Rp. -	Stable

There was a waste of using 2 units of wood filler/sungkai volume. This happens because many wood pores will be covered, resulting in a smooth, even and *close pore finish*. Meanwhile, the purchase price remains the same as the budget.

Table 26 Results of BBTL Analysis (Tinner)

Information	Qyt	Unit price	Variance	Information
Tinner (Standard)	10	Rp. 15,000		
Tinner (Realization)	13	Rp. 15,000		
Quantity Variance	3	Rp. 15,000	Rp. 45,000	Favorite
Price Variance	13	Rp.-	Rp. -	Stable

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There was a waste of using 3 units of thinner volume, while the purchase price remained the same as the budget. This happens because it complements the use of cupboard paint and glossy paint.

Table 27 BBTL (Wood Glue) Analysis Results

Information	Qyt	Unit price	Variance	Information
Wood glue (Standard)	12	Rp. 20,000		
Wood glue (Realization)	10	Rp. 25,000		
Quantity Variance	-2	Rp. 20,000	Rp. - 40,000	Favorite
Price Variance	10	Rp. 5,000	Rp. 50,000	Favorite

There is a saving in the use of wood glue volume of 2 units. This is because the use of glue is replaced with nails and screws so that the product is stronger and more durable. Meanwhile, the purchase price can save Rp. 5,000.

Table 28 Results of BBTL Analysis (Cat)

Information	Qyt	Unit price	Variance	Information
Paint (Standard)	8	Rp. 100,000		
Paint (Realization)	5	Rp. 100,000		
Quantity Variance	-3	Rp. 100,000	Rp. – 300,000	Favorite
Price Variance	5	Rp. -	Rp. -	Stable

There is a savings in paint volume of 3 units. This is because the surface of the product has more carvings than a flat surface, so less paint is used. The purchase price of the paint is within the budget.

Table 29 BBTL Analysis Results (Screws)

Information	Qyt	Unit price	Variance	Information
Couplers (Standard)	2	Rp. 5,000		
Couplers (Realization)	2	Rp. 5,000		
Quantity Variance	0	Rp. 5,000	Rp. -	Stable
Price Variance	2	Rp. –	Rp. –	Stable

The screw volume is in line with the budget, while the purchase price is also in line with the budget.

Table 30 BBTL (Clear Gloss) Analysis Results

Information	Qyt	Unit price	Variance	Information
Clear Gloss (Standard)	15	Rp. 45,000		
Clear Gloss (Realization)	20	Rp. 45,000		
Quantity Variance	5	Rp. 45,000	Rp. 225,000	Favorite
Price Variance	20	Rp. -	Rp. -	Stable

There was a waste of 5 units of clear gloss volume. This happened because the wood used was not too slippery so it was used a lot. Meanwhile, the purchase price is in accordance with the budget.

2. Indirect Labor Costs

Table 31. BTKTL Analysis Results (Supervision)

Information	Number of employees	Working hours /day	Wages	Variance	Information
Supervision (Standard)	1	8	Rp. 150,000		
Supervision (Realization)	1	9	Rp. 180,000		
Variance Number of Employees	0	8	Rp. 150,000	Rp. -	Stable
Wage Variance	1	8	Rp. 30,000	Rp. 240,000	Favorite
Working Hours Variance	1	1	Rp. 150,000	Rp. 150,000	Favorite

The use of employees in the supervisory department remains the same as the budget. The use of wages resulted in a waste of Rp. 30,000, and the actual working hours against the budget were wasted for 1 hour. Because the task of the supervision section is to ensure that the furniture manufacturing process runs in accordance with the established standards. These standards include the quality of raw materials, quality of workmanship, and speed of delivery times, so this takes a lot of time and of course the wages also increase.

3. Electricity cost

Table 32 Electricity Cost Analysis Results

Information	Watt	Average Rates	Variance	Information
Electricity Cost (Standard)	900	Rp. 1,352		
Electricity Costs (Realized)	750	Rp. 1,352		
Quantity Variance	-150	Rp. 1,352	Rp. - 202,800	Favorite
Price Variance	750	Rp. -	Rp. -	Stable

There is a saving in electricity use for the production process of 150 watts. The savings are due to replacing some of the electricity used with a compressor machine in painting work, glossy paint and final coloring paint.

Research Findings

After analysis and discussion, it can be seen that the production costs before being controlled were Rp. 25,081,800 then after carrying out variance analysis it resulted in production costs of Rp. 21,789,300. so you can save Rp. 3,292,500. The following is a table of Production Cost Savings:

Table 33. Product Cost Savings

Total Production Costs				Rp. 25,081,800
Reduced				
Raw Material Volume Variance		-0.5	Rp. 3,500,000	-Rp. 1,750,000
Wage Variance for assembly	2	8	Rp. 50,000	Rp. 800,000

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Total Production Costs					Rp. 25,081,800
parts					
Variance of working hours for the assembly department	2	2	Rp. 100,000	Rp. 400,000	
Wage variance for putty/deco parts	2	8	Rp. 20,000	Rp. 320,000	
Variance in working hours for putty/deco parts	2	1	Rp. 100,000	Rp. 200,000	
Wage Variance for finishing department	2	8	Rp. 20,000	Rp. 320,000	
Variance of working hours for finishing department	2	1.5	Rp. 100,000	Rp. 300,000	
Variance in quantity of nails 3 cm		-0.5	Rp. 30,000	-Rp. 15,000	
Variance in price of 3 cm nails		2.5	-Rp. 7,000	-Rp. 17,500	
Variance Quantity of nails 2 cm		-0.5	Rp. 30,000	-Rp. 15,000	
Variance Quantity Coarse sandpaper		3	Rp. 20,000	Rp. 60,000	
Variance in price of coarse sandpaper		18	-Rp. 10,000	-Rp. 180,000	
Door hinge price variance		120	Rp. 5,000	Rp. 600,000	
Variance Quantity wood filler/sungkai		2	Rp. 70,000	Rp. 140,000	
Tinner Quantity Variance		3	Rp. 15,000	Rp. 45,000	
Wood Glue Quantity Variance		-2	Rp. 20,000	-Rp. 40,000	
Price Variance for Wood Glue		10	Rp. 5,000	Rp. 50,000	
Paint Quantity Variance		-3	Rp. 100,000	-Rp. 300,000	
Variance Quantity clear gloss		5	Rp. 45,000	Rp. 225,000	
Monitoring Wage Variance	1	8	Rp. 30,000	Rp. 240,000	
Monitoring Working Hours Variance	1	1	Rp. 150,000	Rp. 150,000	
Variance Watt electricity costs		-150	Rp. 1,352	-Rp. 202,800	
Amount of Production Cost Variance		44.5	Rp. 893,000	Rp. 1,329,700	Rp. 1,329,700
Cost of Goods Production After Controlling					Rp. 23,752,100

After carrying out variance analysis, it can save HPP production costs of IDR. 1,329,700 per 10 units or Rp. 132,970 per unit and selling value per 10 units or Rp. 2,969,012 per unit, or a selling price that can be reduced by IDR 1,662,125 per 10 units or IDR. 166,213 per unit. Following is the Profit Margin Table:

Table 34 Profit Margins

Cost of goods sold	COGS value	Profit Margin	Sales Value
Cost of Goods Production Before Controlled	Rp. 25,081,800	25%	Rp. 31,352,250
Cost of Goods Production After Controlling	Rp. 23,752,100	25%	Rp. 29,690,125
Controllable selling price	Rp. 1,329,700		Rp. 1,662,125

5. Conclusion

Based on the results of the analysis and discussion, the implementation of variance analysis can help UD Mansur control production costs and provide an opportunity to reduce the selling price of its furniture products. Previously, the company calculated total production costs of Rp25,082,800 and added a profit margin of 25%, resulting in a total selling price of Rp31,352,250 or Rp3,135,225 per unit for 10 units of furniture. After analyzing the standard and realized costs, the total selling price was estimated at Rp29,690,125 or Rp2,969,012.50 per unit. This finding indicates that variance analysis can identify potential cost savings and support the determination of a more competitive selling price. Several inefficient production costs were identified, including assembly, putty and decoration, finishing, coarse sandpaper, door hinges, wood filler, thinner, clear gloss, and supervision costs. These findings also indicate that UD Mansur has not implemented production cost control effectively because cost evaluation is generally conducted only after the production process has been completed. Moreover, producing 10 units of furniture requires approximately three months.

Therefore, UD Mansur is advised to conduct variance analysis periodically to identify cost deviations, reduce waste, and establish a reasonable selling price. Theoretically, variance analysis can be used as an instrument for controlling the cost of production. Future researchers are also encouraged to apply similar methods to other small and medium-sized manufacturing or processing businesses to obtain broader and more comprehensive findings.

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