CHAPTER I
INTRODUCTION

1.1 Background Of Study

(Pontoh and Budiarso,2018) The conditions of competition in business that are getting tighter nowadays require every business to increase its business activities in every field, so that it can be said that competition is a driving force for business development. In order to anticipate increasingly fierce business competition, a lot of business ventures have started to make improvements in every aspect of the business sector, whether related to products or services and what is produced or within the business itself.

One of the policies concerning the product is the determination of the right selling price. This policy can affect the level of profit desired by the company (Sari and Nasution, 2018). Some of the factors that affect the determination of the selling price are costs and the estimated profit or profit expected by the company. The selling price determination method which is based or cost oriented is the cost plus pricing method. This method takes into account the company's full cost and expected profit in determining the selling price. The determination of the selling price is influenced by several factors factors so that it is often corrected by looking at changes in these factors.

The company's business development is carried out by the company with an analysis of the income earned along with the costs incurred to obtain the expected profit or profit for the sustainability of a business. Because of the funds that come from the profits/profits of this business that will help a business in improving every aspect needed. An important part of increasing profits is how to improve the products produced. Because increasing profits must be supported by increased sales of the goods or services produced. A quality and quantity of a product or service produced is very influential on increasing sales, therefore it must be given more attention.

The company is an organization that has long-term and short-term goals. One of the important goals to be achieved by the company is the achievement of optimum profit. To ensure that the company's business is able to generate profits, the company's management must be able to plan and control properly between income and costs.

The rapid development of the industrial world in supporting aspects of the economy in Indonesia has certainly created a climate of competition between one another. The number of new industries that have sprung up is a challenge for today's business world in order to remain competitive and continue to produce for a long time. The first goal of every company in carrying out its operational activities is to obtain the maximum possible profit. This is done so that the survival of the company is guaranteed and can provide good benefits for employees and the general public.

Determining the selling price of a product is one of the problems faced by managers in every company. The selling price is closely related to making a profit. Profit can be defined as wages for the company's efforts in producing goods or services. The occurrence of the production process of goods and services in a company's activities is certainly very decisive in optimizing the value of a company's profits. Cost of goods attached to a product can interpret the company's ability to generate profits. Therefore, the higher the value of the cost of production, the more burdensome the value of a company's profits will be. There are other factors that can affect the value of the cost of goods. One of them is by controlling the factors that exist in the cost of goods, such as controlling costs. Business competition obliges every business to increase its business activities, so that in this situation competition is a driving force for business development (Pontoh and Budiarso, 2018).

The right policy in determining the selling price is very important. Because this policy can affect the profit level desired by the company (Sari and Nasution, 2018). The factors that affect the determination of the selling price include costs and the estimated profit or profit that the company wants. The selling price determination method based on cost is the cost plus pricing method. This method takes into account the full cost and expected profit expected by the company in determining the selling price of the product. The determination of the selling price is influenced by several factors so that in the future it can be improved by observing changes in these factors.

The selling price is an important factor in the company's business. Consumers often consider price in making decisions in buying a product. Price has an important role in making purchasing decisions for consumer goods.

The company's business development is carried out by the company by analyzing the income earned and the costs incurred to get the expected profit. Because it is from this profit/profit that business continuity will occur and this is what every entrepreneur dreams of. The most important part in increasing profits is how to improve the products produced. Due to the increasing profit, the increase in sales of the product must be done. A quality and quantity of a product produced is very influential on increasing sales.

There are three methods that management can take in planning and making decisions in determining selling prices, namely the Cost Plus Pricing method using the full costing approach, variable costing, the mark up pricing method and the producer pricing method.

To determine the selling price correctly, it must be known the cost of production, because the cost of production is the basis for companies to determine the selling price. The cost of production is a cost component that is directly related to production. Determination of the cost of production has an important role in a company, because from the cost of goods can be made an analysis of marketing plans and strengths, determining the selling price and as a company profit planning.

In determining the cost of production, two methods can be used, namely: full costing and variable costing methods. In the full costing method, all costs are taken into account, both fixed and variable. Whereas in the variable costing method for determining the cost of production only variable production costs are included in inventories and production costs.

Figure 1.1 Roti Canai Frozen Product
Source : Documentation, 2023

The Respondent, Mrs. Destri Asmira inspired to make Roti Canai because during Covid last year there were no activities that allowed me to leave the house, so with these limitation looked for activities that were initially just for fun making Roti Canai just to eat at home, then just for fun. for fun. just for fun and then shared it on FB, someone commented that they wanted to buy and order several pieces of Roti Canai, then finally had the idea to sell it. Until now, buyers can buy online or offline. For example, online in the form of FB or WhatsApp as much as 50/pcs to 80/pcs. if offline, namely marketing or placing at the nearest wholesaler as much as 30/pcs in Kuala Alam village.

Roti Canai is a type of flatbread with Indian influence that can be found in several countries in Southeast Asia, including Brunei, Indonesia, Malaysia and Singapore. This bread can be found in mamak outlets in Malaysia or in restaurants in Aceh and West Sumatra. joint product pricing strategy, price adjustment strategy, in this case is discount pricing which includes discounts based on quantity and discounts based on time and psychological pricing. This business should be able to set the right selling price so that later it can compete with other similar businesses.

Based on this background, the problem can be formulated as follows how to determine the right selling price using the Cost Plus Pricing method on Roti Canai.

The purpose of this study was to find out how to determine the right selling price using the Cost Plus Pricing method for Roti Canai.

Mulyadi (2014) states that cost accounting is the process of recording, classifying, summarizing and presenting costs, making and selling products or services, in certain ways, and interpreting them. The object of cost accounting activity is cost. In addition, Mulyadi describe that determining production costs is a way of calculating cost elements into production costs. In calculating the elements of costs into production costs, there are two approaches, namely full costing and variable costing. Full costing is a method of determining production costs that takes into account all elements of production costs into production costs, which consist of raw material costs, direct labor costs, and factory overhead costs, both variable and fixed.

Mulyadi (2014) explain that variable costing is a method of determining production costs that only takes into account production costs that behave in variable production into production costs consisting of raw material costs, direct labor costs, and variable factory overhead costs.

Cost Plus Pricing Method, determining the selling price of Cost Plus Pricing, the cost used as a basis for determining, can be defined according to the method determining the cost of the product used, Mark up Pricing Method, determining the selling price with Mark up Pricing is, pricing where a certain price is clearly set adding a fixed percentage above production costs, Pricing by producers, in this method, the price is set by the initial firm from the set of prices set by other firms in the distribution channel. Therefore, pricing by producers plays an important role in determining the final price of goods.

According to Garisson, et al., (Translation,2013) states that Cost Plus Pricing is the process of determining the selling price by calculating the production cost per unit, deciding how much profit is desired, then determining the selling price.

According to Kamaruddin in Moray (2014) states that cost is an important component that must be considered in determining the selling price of a product or service. The selling price of a product or service is generally determined by the sum of all costs plus a certain amount which is called the mark up. How to determine the selling price is known as the Cost-plus approach (Cost Plus Approach). The definition of Cost Plus, is the value of certain costs plus a specified mark-up. In the concept of calculating cost of goods known two approaches, namely: Calculation of full cost (full costing). In this approach, what is included as a component of the cost of a product are all costs related to the manufacture of products, both variable and fixed, namely direct raw materials, direct wages, variable factory overhead costs, and fixed factory overhead costs. principal variable (variable costing). In this approach, what is included as a component of the cost of the product are all variable costs. These variable costs are direct material costs, direct labor costs, variable selling costs, variable general and administrative costs.

1.2 Formulation of the Problem

Based on the background above, the problem can be formulated as follows:

1. How to determine cost of production of Roti Canai Mira Akbar
2. How to determine cost plus pricing of Roti Canai Mira Akbar

1.3 Purpose of the Study

Based on the formulation of the problem above, the objectives of this study are as follows:

1. To find out cost Of Production
2. To find out Cost Plus Pricing For Selling Price of Roti Canai Frozen Mira Akbar

1.4 Significance of the Study

Based on the significance of the research, the objectives of this research are as follows:

1. Campus
2. Researcher
3. Next researchers
4. Mira Akbar MSMEs

1.5 Scope and Limitation of the Problem

The limitations of some problems are used to avoid deviations such as widening the main problem so that this research is better and easier to discuss so that the research objectives will be obtained. Some of the limitations of the problems in this study are as follows:

1. HPP
2. Cost Plus Pricing
3. For Mira Akbar MSMEs

1.6 Writing System

In this study, it is divided into five chapters, and in each chapter the researcher provides an explanation sequentially. These chapters will be presented in a systematic arrangement as follows:

CHAPTER I : INTRODUCTION

This chapter describes the background of the research, the formulation of the problem, the aims and benefits of the research, the scope and limitations of the problem and the systematics of writing in the final report.

CHAPTER II: LITERATURE REVIEW

This chapter explains the theoretical basis that will be used in completing research both in general and specifically theoretical in nature which consists of previous research, theoretical basis, and conceptual framework.

CHAPTER III : RESEARCH METHODOLOGY

This chapter describes the method of conducting research, which consists of location, time and object of research, types and sources of data, population and sample, sampling techniques, data collection techniques, data processing techniques, stretching scales, testing validity and reliability, data analysis methods, research hypotheses, research models, types of research, concept definitions and operational variables as well as research schedules and budgets.

CHAPTER IV: RESULTS AND DISCUSSION

This chapter contains research results, discussion, and research limitations.

CHAPTER V: CONCLUSIONS AND SUGGESTIONS

This chapter contains conclusions and suggestions as the final description of the research.