

**THE IMPLEMENTATION OF ACTIVITY-BASED COSTING
(ABC) METHOD TO DETERMINE THE PRODUCTION COST
OF PRODUCTS IN SAGO PROCESSING BUSINESSES
(A Case Study Of Sago Mill In Selat Akar Village, Tasik Putri Puyu
District, Kepulauan Meranti Regency)**

Name : Sri Mulyaningsih
NIM : 5304201279
Supervisor : Husni Mubarak, S.Ei., M.Acc., CGAA

ABSTRACT

The purpose of this research is to produce a more accurate estimate of the cost of goods manufactured by considering the activities involved in the sago production process. The focus of the research is on costs associated with sago processing activities, including the allocation of raw material costs, labor costs, and factory overhead costs. The type of data used is quantitative data obtained through secondary data, such as company history, organizational structure, and operational activities of the sago refinery. The data collection technique applied is documentation, with data processing using Activity Based Costing (ABC) to calculate the cost of production. Data analysis is done descriptively, describing the characteristics and patterns of the collected data. This research is an applied study that aims to contribute to business decision making, with the hope of providing an in-depth understanding of the application of the ABC method in determining the cost of production of sago refineries. The results of this study indicate that overall the Activity Based Costing Method provides a lower value for the products produced, or in other words these two products experience overcosting. In the calculation of the cost of production of wet sago using the ABC method, the difference is Rp. 155.48 (44.20%) compared to using the traditional method used by the Selat Akar Village Sago Refinery. Meanwhile, in the calculation of the production cost of dry sago using the ABC method, the difference is Rp. 199.26 (55.80%). This proves that the Activity-Based Costing method is more accurate than the traditional method because in the Activity-Based Costing method, all factory overhead costs are calculated in detail based on activities, allowing the Sago Mill to determine the actual costs incurred in its production activities.

Keywords: Activity Based Costing (ABC), Cost of Goods Produced.