

**APPLICATION OF ACTIVITY BASED COSTING (ABC) IN
SETTING SELLING PRICES IN MSEs
(Case Study on Wan Syamsinar Malay Songket Weaving)**

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ABSTRACT

This study aims to analyze the application of the method of determining the cost of goods produced and the development of marketing strategies in Wan Syamsinar's Malay songket weaving business in Purnama Village, Dumai. The study was conducted by comparing traditional and Activity Based Costing (ABC) methods in calculating the cost of goods produced and assessing the influence of the PRISMA empowerment program in improving business sustainability. Data were collected through interviews, documentation, and observation of the production process, costs, and Malay motifs. The results show that the traditional method tends to generalize overhead costs without regard to specific activities, while the application of the ABC method is able to improve the accuracy of cost allocation and help set competitive selling prices. The PRISMA program provides motivation and support for product innovation and market access, although challenges such as limited capital and raw materials remain. The COVID-19 pandemic is a major challenge, but this business shows resilience through adaptation and innovation. It is recommended that businesses increase promotion through digital marketing, expand motif innovation, and utilize the ABC method consistently to improve business efficiency and profitability. This research is expected to be a reference in the development of traditional Malay culture-based handicraft businesses in a sustainable manner.

Keywords: *cost of goods produced, Activity Based Costing (ABC), Malay songket weaving, PRISMA program, business sustainability.*