

ANALYSIS OF PROFIT AND COST OF SALE IN THE BUSINESS OF MAKING LIQUID SOAP IN AN EFFORT TO IMPROVE THE ECONOMY FAMILY AT DISTRICT TEMBALANG SEMARANG

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Abstrak

Friendly environmentally liquid soap is one product that supports one of the goals of the permaculture concept. Cost production have the benefit effects and positive impact for social and environmental. This community service program introduces products and how to produce environmentally friendly liquid soap as well as providing insight into profit analysis and cost of goods manufactured through guidance in the form of discussions, presentations and hands-on practice.

Kata kunci: Profit analysis, Cost production, liquid soap

INTRODUCTION

During the current pandemic, it is hoped that the role of housewives in stabilizing the family's economic level is highly expected. Both creations in food processing which have become a hobby and habit of a mother to dwell in the kitchen as well as the skills of a mother who started out as a side hobby as well as how to generate creative ideas that are simple but very influential in household economic stability so that they can survive in these challenging times. limited by current circumstances.

The pandemic period requires many people to stay at home and limited their activities. Nevertheless, there is an encouraging positive side, especially in the past year when the COVID-19 pandemic required social (physical) distancing. People divert a lot of attention to their activities, by looking for activities or activities that can generate profits to support the economy, especially the economy in their respective households. One activity that

can be profitable is the business of making liquid soap for household purposes such as mopping floors, cleaning glass and porcelain.

Profitability is usually refers to the ability of business to make a profit (Zhou shuo, 2013), but it reflects the strength of the business performance is good or bad, the central issue is also of concern to all parties concerned companies. Operator profitability through analysis, we can see that the quality of the company's development, identify problems and take effective measures to solve the problem, and lessons learned, to improve the overall efficiency.

Investors on the strength of the company's profitability is particularly important to see that they get investment income usually depends on how much the level of corporate profits, their investment income and profitability are inextricably linked. The more robust corporate earnings, they get more benefits (Section Trillian, 2013). Thus, relative to other indicators, they are more concerned about profitabil-

ity. Company's ability to timely repayment of debt interest, and he has a close relationship profitability. Therefore, when creditors lend money to understand the strength of the company's profitability, to ensure timely recovery of funds lent to avoid losses. Meanwhile, for the government, profit is the direct source of national revenue, profitability directly affect state revenue, help countries to better exercise social management functions, but also the employee collective welfare facilities have improved the important guarantee not only help safeguard the interests of enterprise employees, but also to attract more people, thus improving the overall efficiency of the company

Environmentally friendly liquid soap is one product that supports one of the goals of the permaculture concept. The concept of environmentally friendly soap is to provide household consumption products that

are environmentally friendly, health friendly, and avoid chemical elements that have the potential to have a negative impact on health or the environment (Asnani, Delsy, and Diastuti, 2019 and Widyastutu, Putri, and Dwiratna, 2016). Based on Khorniawati (2014) people have a preference for organic products because they are good for health. This existence can be a great opportunity in creating creative innovations for environmentally friendly products in campaigning for a healthy lifestyle.

One aspect that can be explored in this organic soap product innovation idea is the issue of cost accounting and marketing strategies that go hand in hand with the production process. In addition to the aspect of production costs, the analysis of costs and benefits in all processes and aspects of production needs to be collaborated in environmental-based considerations and costing.



Figur 1. Material Presentation

Cost (production) is a negative impact and benefit (production) is a positive impact for social and environmental. So, in this community service program, apart from introducing products and methods of producing environmentally friendly liquid soap, it also provides insight into the analysis of profit and cost of production that is innovated in this community service program.

BASIC THEORY

Investment Profitability Indicators

Investment profitability indicators including return on equity, return on total assets, total assets net profit margin ratio analysis three indicators. Return On Equity (ROE), is the ratio of net profit to the average owner's equity, represents the invested capital gains obtained, the



Figur 2. Material Presentation and Training

index level is directly related to the level of income. Investors will also look at whether to invest or continue to invest according to the index.

The total return on assets is defined as the ratio of total income received average total assets, reflects the ability of enterprises to use the asset re-creation of value, the asset management is an important indicator to assess the profitability of the strength of the enterprise. The level of the index, indicating that the quality of enterprise asset management, as well as the strength of profitability.

Total assets net profit margin is the ratio of the average total net assets, the use of all assets that the company obtained profit level. The level of the index, reflecting the level of asset management efficiency, obtained the level of profits, the level of costs, the level of operating efficiency.

Capital Maintenance and Appreciation refers to the owner's equity ratio at the end with the beginning of the owner's equity, indicating increase or decrease of capital under management in the business range. It's low, reflecting the level of debt security, the greater its higher corporate borrowing space for the future development of enterprises to provide a guarantee of funding

Operating Profitability Indicators

Operating profitability indicators including operating margin, operating margin, operating margin, cost margins four ratios analysis indicators [10]. Operating margin is defined as operating gross profit and net operating income ratio, also known as gross margin. Its level, indicating the strength of the ability of enterprises to obtain gross profit, as well as the level of costs. The operating margin refers to the ratio of operating profit and operating income. This indicator shows after removal of operating costs, profits acquired business efficiency is an important indicator of good or bad.

Operating margin is the ratio of net profit and revenue. It represents the ability to create business revenue net of its height, determine the business to obtain the ability to create profit strength. Cost rate margin is defined as the ratio of total corporate profit and the cost of the total cost, per unit cost represents income obtained. It is higher, then the total profit is greater than the total cost, the greater the greater the difference between profits, business profitability is stronger.

Cost – Volume – Profit Analysis

Cost – Volume – Profit analysis is a technique for studying the relationship between cost, volume and profits. Profits of an undertaking depend upon a large number of factors. But the most important of these factors are the cost of manufacture, volume of sales and the selling prices of the products. In the words of Herman C. Heiser, “the most significant single factor in profit planning of the average business is the relationship between the volume of business, costs and profits”. CVP analysis expands the use of information provided by breakeven analysis. A critical part of CVP analysis is the point where total revenues equal total costs (both fixed and variable costs). At this break-even point, a company will experience no income or loss. This break-even point can be an initial examination that precedes more detailed CVP analysis.

LITERATURE REVIEW

According to Firdaus and Wasilah (2012), costs are expenses or the value of sacrifice to obtain goods or services that are useful for the future, or have benefits beyond one accounting period. Determine the product mix needed to achieve the targeted profit amount. Jumingan

(2012), also explained that BEP is if after compiling an income statement for a certain period the company does not get a profit and vice versa does not suffer losses. In other words the profit is equal to zero or the loss is equal to zero. Sales revenue obtained for a certain period is equal to the total cost (total cost), which has been sacrificed so that the company does not make a profit or suffer losses. Meanwhile, according to Herman (2013), that the break-even point (BEP) is the operating condition of an entity where total revenue is equal to total costs or no profit or loss. The main benefit is an important warning for leaders in the form of units or rupiah minimum sales that must be achieved in the future.

According to Kasmir (2013), there are some objectives to be achieved from break-even analysis based on the strategies applied. The objectives are designing product specifications, determine the selling price per unit, determine the minimum amount of production or sales in order to do not suffer losses, maximizing the amount of production, and planning the desired profit.

METHOD

Respondents

Respondents in this community service program is all members of the PKK organization in the Tembalang District area. The number of participants from this activity was 35 people and was



Figur 3. Discussion of Price Product and Profit

implementing and following health protocols.

Instruments

Profit is the life blood of every business. Without profit no organization could survive for a long period. It is regarded as an incentive for undertaking entrepreneurial function. It is regarded as a reward for risk taking. It is the excess of total revenue over total cost. In other words, it is the reward or return accruing to the entrepreneur who is able to keep total revenue below total cost.

The material for the community service program is management training and understanding of the process of making liquid soap, cost of goods and calculating profit on a home industry scale through simple accounting calculation materials with the researcher is a main instrument.

Procedures

The simulation activity, it was started with material and practical lectures on making liquid soap on a home industrial scale. Introductions are used to help participants understand the process of making soap on a home industrial scale that is ready to be sold in the market. This training activity took place at the Tembalang District Building, Semarang.

Each participant is given tools and materials to make liquid soap products, calculates cost and profit during the simulation and is given a module to facilitate the practicum process. The activity is carried out in 1 (one) day with a training duration of ± 3 (three) hours, consisting of:

- 40 minutes of material presentation
- 120 minutes for training
- 20 minutes for overall evaluation of the material.

Data analysis

This research is directed to describe service program planning profiles society as an integral part of the tridharma, and find supporting and inhibiting factors. This study does not intend to test a hypothesis, but describe and analyze the data so that there is a general trend that can be used as material for further study in this study. Thus, this research was conducted using the

method qualitative research that takes place in the background natural, the process is in the form of a cycle, the researcher is a main instrument, and data analysis used is qualitative inductive.

Hansen, et al. (2012) describes the concept of Cost-Volume-Profit Analysis (CVPA) and defines CVP as a useful tool for planning and decision making. This analysis combines all of the company's financial information. Determining the right strategy or steps by management will be easy to do in order to maximize the company's profit. The analysis approach in Cost-Volume-Profit (CVP) described by Break-Even, Contribution Margin, Margin of Safety, and Operating Leverage.

Break-even is a state company revenue sales equal to the total amount of the costs or the profits of the contribution equal to the total fixed costs, in other words, the company does not earn a profit, but also did not suffer a loss or loss of profits amounted to zero (Hansen et al., 2012). There are two methods to calculate the value, equation method and contribution margin method. Equation method focuses on the contribution approach to the income statement. The costs used are fixed costs and variable costs. The Equation for the equation method is:

$$\text{Sales} = \text{Expenses} + \text{Profit}$$

$$\text{Sales} = (\text{Fixed Cost} + \text{Variable Cost}) + \text{Profit}$$

$$\text{Sales} = \text{Fixed Cost} + \text{Variable Cost}$$

FINDINGS AND DISCUSSION

The existence of strong and effective small-scale industries has been considered as the best way to improve the socio-economic status of any society in large number of developed and less developed countries. There are excellent examples of government initiatives aimed at promoting and sustaining entrepreneurship development in small-scale industries (Adejumo, 2001).

The main purpose is usually to reduce underdevelopment. Other underlying reasons include a desire to establish an enterprise culture; assist the disadvantaged section of the population; develop alternative to stagnation

sector economy; reduce national dependence on imported goods; increase rural transformation; diversification of the economy and reduction of unemployment. Earning of maximum profit is the ultimate goal of almost all business undertakings. The most important factor influencing the earning of profit is the level of production (i.e., volume of output).

Cost volume-profit (CVP) analysis examines the relationship of costs and profit to the volume of business to maximize profits. There may be a change in the level of production due to many reasons, such as competition, introduction of a new product, trade depression or boom, increased demand for the product, scarce resources, change in selling prices of products, etc. In such cases management must study the effect on profit on account of the changing levels of production. A number of techniques can be used as an aid to management in this respect. One such technique is the cost-volume-profit analysis

How much the cost of producing liquid soap?

The process of determining the cost of production of liquid soap begins with knowing the price of raw materials first.

Raw Materials	Dose (gr/ml)	Price
NaCl	100 ml	11.000/500 ml
EDTA	50 gr	40.000/500 gr
Texafon	1000 gr	24.000/1000 gr
Aquades	2000 ml	8.000/litre
Parfume	20 cc	40.000/100 ml
Colouring	5 gr	48.000/100 ml

Total Cost Production

$$22.000 + 4.000 + 24.000 + 16.000 + 8.000 + 2.400 = \text{Rp. } 56.600$$

Price Product and Profit

Price product is assume Rp. 11.000/Bottle
Packaging Netto 300 ml it will can be 7,5 bottle
 $56.600 : 7,5 = \text{Rp. } 7.546/\text{bottle}$

Profit

$$11.000 - 7.546 = 3.450/\text{bottle}$$

CONCLUSION

The cost of producing liquid soap per bottle is Rp. 7.546 with a profit per bottle reaching Rp. 3.450. Assuming, the price of the finished liquid soap product is sold in the price range of Rp. 11.000. The manufacture and management of liquid soap business in the home industry is a real effort in improving the economy of residents in Tembalang District. In addition, participants can use information technology as a medium to encourage sales of liquid soap products in local, regional and national areas.

Based on the above conclusions, it was recommended that cost volume profit analysis and other management accounting tools be introduces to small business enterprise in other to improve their productivity. Managers of small businesses should utilize the advantage of being situated in an academic environment to attend a crash course on cost volume profit analysis and other management decision making tools to broaden their scope in other to make better management decisions.

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