

The Application of Target Costing in Production Cost Control to Increase Profits at PT. Fortuna Inti Alam

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ABSTRACT

Target costing is a method of determining production costs based on competitive market prices so that the company can achieve the desired profit. This study aims to analyze how PT. Fortuna Inti Alam can increase profits through the application of the target costing method in controlling production costs. The research uses a descriptive method with a qualitative approach. The results show that the implementation of target costing helps companies regulate and reduce production costs, thereby increasing the percentage of profits. In Fortorang's coffee products, the implementation of target costing is able to minimize production costs and increase profits compared to previous conditions, where production costs are still high and profit margins are relatively small.

INTRODUCTION

Many new companies that have emerged in Indonesia today show the rapid development of the business world, which leads to competition between companies. In Indonesia, more and more companies are able to advance, retreat, and survive. It is very important for a developing country to accelerate progress in all aspects of their lives, especially in the economic field. According to Mulyadi (2019), expenses are a crucial element in ensuring the success of companies in competition in the market. Consumers tend to choose manufacturers who can provide good quality goods or services at an affordable cost. Therefore, the way a company handles its expenses must be successful in making new items that people want at an affordable price, and it must also help lower the cost of current goods by reducing waste or using a cost-saving plan that does not add any value.

Production costs are one of the biggest internal factors affecting the achievement of the effectiveness of a product, because production costs are the largest cost component in a company that must be spent. The cost of producing something is divided into three parts, namely the cost of materials, the cost of 1 2 workers' salaries, and the cost of the factory. The main point of managing some production costs is to be able to manage the company's money and resources to make things efficiently, so that there is no waste when making products (Yudawisastra, et al., 2023). According to Hansen and Mowen (2009). Many cases occur in companies that neglect the calculation of production costs, resulting in companies being unable to compete in the market. Companies need to reduce expenses incurred during the production stage to produce similar goods. To achieve this they can apply the target costing method, a cost accounting method that helps leaders track improvements made in cutting product costs to reach specific cost goals.

The coffee industry is one of the sectors that has significant growth in Indonesia, both in terms of consumption and production, and has an important role in the economy at the local and national levels. Indonesia, which is one of the main coffee producers in the world, has various coffee processing locations in various regions in the country, ranging from small and local to large companies. These factories not only play a role in processing coffee beans into value-added products, but also create new jobs and drive local economic growth.

PT. Fortuna Inti Alam was chosen as the subject of this research because it is a food and beverage processing company, especially in the industrial part that processes coffee powder. PT. Fortuna Inti Alam has developed three coffee brands consisting of Formula-1, Fortuna-1, and Fortorang. The company's products have been sold to various cities and have been prominent for a long time, as well as a production structure that is regulated so that the work process becomes efficient and effective. Competition in the local industry, especially coffee products, is getting tighter, so it is very important to control competitive production costs without sacrificing product quality, and also the cost target method is believed to be able to help companies design optimal production costs according to the desired profit targets.

Target Costing helps set product cost targets based on competitive market prices and desired profit margins. By setting strict cost targets, companies can systematically identify cost-saving opportunities and weed out activities that don't add value, so that production costs are controlled from the product design stage. The target costing method helps companies set efficient production costs to achieve the desired profit, especially in the face of market competition with a predetermined selling price.

Several previous studies have shown that the implementation of costing targets is effective in reducing production costs and increasing company profits. Wuysang (2019) and Saleh (2022) conclude that target costing helps companies plan costs to be more efficient and optimize profits. Pioh (2019) emphasized that the analysis of target costing allows companies to save production costs so that profits increase. Meanwhile, Nangoy (2022) stated that the use of target costing can reduce costs without reducing product quality, thereby helping companies achieve the expected profits.

This research has a novelty of research that lies in the specific object of study at PT. Fortuna Inti Alam, the integration of product quality aspects and local brand positioning, as well as a practical approach to cost efficiency 5 productions, as well as updating field data. Thus, the main contribution of this research is not only to affirm the effectiveness of target costing, but also to deepen the understanding of the application of local coffee products with the latest data and context.

LITERATURE REVIEW

Accounting

According to Sumarsan (2022), accounting is a systematic process of identifying, recording, and reporting every financial transaction or event to produce useful information for interested parties. Accounting is also called the language of the company because it provides financial data that is the basis for economic decision-making. In management activities, accounting information is used to assess the company's performance, value, and profitability, so that it can describe the development and growth of capital from year to year.

Management Accounting

According to Bahri (2021), management accounting is part of the accounting field that plays a role in providing information for the company's internal parties to support the achievement of organizational goals. The existence of management accounting is motivated by the need for financial information that can help management in planning, control, and decision-making in companies that are growing larger and more complex.

Cost Accounting

According to Lanen, et al. (2019), cost accounting is a field of accounting that focuses on recording, tracking, and reporting all activities related to expenses or use of costs. Thus, cost accounting is an important tool for management in planning and controlling production costs, so that companies can know exactly how much it costs to produce a product.

The purpose of cost accounting is to provide important information for management in managing and controlling the company's activities. This information is useful for several things, namely:

1. Determine the price of products, services, or other goods.
This process is carried out through recording, grouping, and compiling a summary of production or service costs based on certain methods. The data used comes from historical costs, i.e. expenses that have occurred before.
2. Helps with specific decision-making.
Cost accounting provides information regarding future cost estimates needed for managerial decision-making, such as determining market strategies, creating or purchasing components, adding new products, and assessing production feasibility.
3. Support planning, control, and performance evaluation.
Planning is carried out by setting goals and programs for the short and long term. The planned production costs are used as a guideline to compare actual costs, thus aiding in the monitoring and assessment of the effectiveness of management performance.

Cost

According to Mulyadi (2019), costs can be interpreted as the sacrifice of resources that can be assessed in units of money, both those that have been spent and those that will be spent, in order to achieve certain goals. Costs can also be understood as expenses incurred to obtain economic benefits, such as products or services, the value of which can be measured in the form of cash, both that has occurred or is ongoing in the company's activities.

Production Costs

According to Yudawisastra et al. (2023), production costs include all expenses incurred during the manufacturing process of a product, including additional costs and other related costs. The company needs to make the right calculation of the cost of production, because the results of the calculation are a reference in determining the selling price of products. The accuracy in determining the selling price will have an impact on the level of profit or loss obtained by the company.

The three main types of production costs include:

1. Direct Raw Material Cost, which is the cost incurred to obtain the main materials used in the manufacturing process of a product.
2. Direct Labor Costs, which are payments given to workers who are directly involved in the production process of goods.
3. Factory Overhead Costs, covering a wide range of expenses other than direct raw materials and direct labor, which consist of:
 - a. The cost of auxiliary materials, which is the cost of purchasing additional materials or equipment used in the production process.
 - b. Indirect labor costs, which are wages for employees who support production activities without being directly involved.

- c. Other manufacturing costs, such as expenses for electricity, water, telephones, as well as the depreciation of buildings and production equipment.

Target Costing

According to Hansen and Mowen, Target Costing is a method of determining the price of a product or service based on a value that is considered reasonable and acceptable to consumers. This approach is also used to determine the maximum limit of production costs that a company can bear. Once the target cost is set, the company designs a production and marketing strategy so that the product can be made according to that cost but still provide profits.

$$\textbf{Target Costing} = \textbf{Selling Price} - \textbf{Profit Margin}$$

Target Costing determines the price and also ensures that the product is good and in accordance with the desired result. Target Costing is also a business plan that can be used from the first time the product is made until the product is no longer sold.

The implementation of the target costing method involves several main steps:

1. **Setting Competitive Selling Prices**
Prices are determined by taking into account market conditions, competitors, consumer purchasing power, and economic factors.
2. **Determining Expected Profit**
The company sets profit targets based on sales plan and market share.
3. **Setting Target Costs**
Production costs are calculated from the difference between the selling price and the desired profit to keep the product competitive.
4. **Value Engineering**
Reduce costs by improving design and processes without compromising quality.
5. **Kaizen Costing**
Makes continuous improvements in the production process to lower costs and increase efficiency.

Profit

Every company is founded with the main goal of making a profit. Therefore, profit is an important element that acts as a driver and motivation in carrying out all company activities. According to Hidayat (2020:155), profit is the difference between income and expenses arising from business activities. Profit, also referred to as profit or net income, reflects the final results of a business's operations in a given period expressed in financial form. In a managerial context, profit is used as an indicator to assess the development and growth of a company's capital over time. To find out the amount of profit obtained, the basic concept of profit calculation can be used as explained by Niedar et al (2022:29):

$$\textbf{Profit} = \textbf{Total Revenue} - \textbf{Total Expenses}$$

Selling Price

According to Hansen and Mowen (2021:633), the selling price is the value set by the seller in return for the product or service offered. In general, the selling price is determined by adding up the entire cost of production or service provision, then adding it to the profit margin that the company wants. Thus, the selling price not only reflects the total costs incurred, but also includes a profit setting strategy so that business activities continue to provide profits.

Cost Control System

According to Sumarsan (2020), a cost control system is a process designed to ensure that every company's expenditure runs according to the planned budget. This system includes important stages such as cost planning, budgeting, collection and analysis of cost data, to the monitoring and evaluation process. The effective implementation of this system allows companies to increase efficiency and profits, reduce waste, strengthen competitiveness, and achieve preset financial targets.

Compliance Theory

Stanley Milgram (1974:1) in Obedience Theory states that obedience has a crucial role in maintaining social order through individual behavior. In the context of taxation, this theory describes how Corporate Taxpayers are willing to carry out their tax obligations, both in the form of payments and reporting. Compliance is influenced by external factors, such as authority and the application of sanctions, as well as internal factors in the form of moral awareness and a sense of responsibility for the interests of the wider community. Therefore, this theory is used as an important basis in explaining the behavior of taxpayers' compliance with the tax system.

METHODOLOGY

Types of Research

This type of research uses descriptive research with a qualitative approach. In this study, a qualitative approach is used to understand the application of the target costing method in PT. Fortuna Inti Alam and how this target costing method can optimize the selling price of products.

Research Location and Time

This study was carried out at PT. Fortuna Inti Alam which is located on Jl. Raya Manado-Bitung, Maumbi Village, Hamlet 1 District. Kalawat, North Minahasa, North Sulawesi. The research took place from June to July 2025.

Data Type

The types of data used are quantitative and qualitative. Qualitative data shows a situation in words rather than numbers, while quantitative data provides information or explanations in the form of numbers and statistics.

Data Source

Primary data was used to collect data for this study. Primary data includes general data about the company, its problems, direct raw material costs, direct labor costs, factory overhead costs, and other data.

Data Collection Methods

The data collection method in this study is carried out through the following stages:

1. Literature Study
2. This method is carried out by examining various written sources such as books, journals, and other relevant literature to obtain a theoretical basis and strengthen the basis of the research.
3. Field Studies

It was carried out by making a direct visit to the research location to obtain primary data from related sources. The techniques used include:

- a. Observation, which is a direct observation activity of the research object to collect information about the company's condition, organizational structure, and operational background.
- b. Interviews, conducted through direct interaction between researchers and resource persons to obtain in-depth information. Interviews are conducted flexibly by tailoring questions to key subjects, especially those related to production costs.
- c. Documentation, used to complement the results of observations and interviews by collecting various company documents, such as production cost records and other supporting data relevant to the research.

Data Analysis Methods

The data processing method applied is descriptive analysis, with the aim of explaining, comparing, providing an overview of the company's situation, and explaining the data to be re-analyzed in order to produce conclusions that are in accordance with the existing findings and those that have been found at PT. Fortune is the core of nature. In the descriptive analysis method, the author collects data, presents data, analyzes data, explains the data that has been obtained in order to conclude existing problems and provide solutions to the company so that it can be applied in the next production process.

Data Analysis Process

The process that the researcher must follow so that the research runs in a structured and systematic manner. Here are the steps in conducting research

1. Collecting data by conducting direct interviews with the owner of PT. Fortuna Inti Alam, by requesting general data such as the company's duties and authorities in the process of production activities, the obstacles faced by the company in controlling production costs and production cost data used in product manufacturing.

2. Classify the data that has been obtained into the calculation of raw material cost prices, direct labor costs, factory overhead costs, and other costs related to the product production process.
3. The presentation of data that has been reduced is then presented in an organized and easy-to-understand form. Data presentation is a structured set of information that provides the possibility of drawing conclusions and taking action. The presentation of data can be in the form of a matrix, graph, or descriptive narrative.
4. The conclusion is drawn from the data that has been obtained using data sourced directly from the field and in this conclusion the author provides input and consideration for PT. Fortuna Inti Alam in an effort to control production costs that affect the company's profits.

RESEARCH RESULTS

PT Fortuna Inti Alam is a coffee powder manufacturing company that uses an electrically powered machine, consisting of two roasting machines and one grinding machine. The company produces three brands of coffee, namely Fortorang, Formula-1, and Fortuna-1, with production stages including coffee bean frying, grinding, packaging, and storage in warehouses.

In this study, the relationship between production costs and *the target costing* method is very important, because the method is used to control costs to match market prices and still generate the desired profit. The focus on efficiency is directed at raw material costs, considering that labor costs are fixed and overhead costs are relatively stable. Through the application of *value engineering*, such as choosing a more efficient raw material supplier without sacrificing quality, companies can reduce the cost of production and increase profits according to the principle of *target costing*.

Coffee Bean Production Cost

Raw Material Cost

Table 1. Raw Material Costs October 2024 - December 2024

Biaya Bahan Baku	Jumlah Pembelian (Kg)	Harga Bahan Baku Kg (Rp)	Total Biaya (Rp)
Biji Kopi	9.300	25.500	237.150.000

Source: PT. Fortune Inti Alam 2025

Based on table 1, it shows the cost of raw materials spent by the company to produce Fortorang Coffee during October - December 2024. The company needs 9,300/kg of coffee beans in three months with the price offered by the supplier of Rp. 25,500/kg so that the total cost incurred by the company for coffee beans is Rp. 237,150,000.

Direct Labor Costs

Table 2. Direct Labor Costs October - December 2024

Keterangan	Biaya Per Bulan (Rp)	Biaya Per Triwulan (Rp)
Mesin Sangrai	4.350.000	13.050.000
Mesin Gilingan	2.600.000	7.800.000
Mesin Packing	900.000	2.700.000
TOTAL		23.550.000

Source: PT. Fortune Inti Alam 2025

PT. Fortuna Inti Alam has 10 workers who have each been assigned tasks according to their role in the production process. Five workers are responsible for the coffee bean grinding process, while the other five workers are in charge of packing the finished products. In the payroll system, each worker receives a wage of Rp. 5,000,000 every month, where the expenditure of labor costs per quarter is Rp. 150,000,000.

Fixed Fees

Table 3. Fixed Fees

Bagian	Jumlah	Biaya (Rp)	Total (Rp)
Divisi Penggilingan	5 Orang	5.000.000 x 3 Bulan	75.000.000
Divisi Packing	5 Orang	5.000.000 x 3 Bulan	75.000.000
TOTAL			Rp. 150.000.000

Source: PT. Fortune Inti Alam 2025

Table 3, showing the fixed costs spent by PT. Fortuna Inti Alam for production activities from October 2024 - December 2024 with a total cost of Rp. 26,100,000. The company charges for electricity of Rp. 2,700,000/month multiplied for three months. Furthermore, the company's salary for supervisors per month is Rp. 18,000,0000.

Maintenance Costs

Table 4. Maintenance Costs

Keterangan	Jumlah	Per Bulan (Rp)	Per Triwulan (Rp)
Listrik	-	2.700.000	8.100.000
Gaji Pengawas	Satu Orang	6.000.000	18.000.000
TOTAL			26.100.000

Source: PT. Fortune Inti Alam 2025

Table 4, shows the details of maintenance costs for production machinery at PT. Fortune is the core of nature. There are four units of production machines that each require maintenance costs, where the result of the monthly cost is multiplied by three months. Thus the total maintenance cost for the roasting machine is Rp. 13,050,000 per quarter, the milling machine is Rp. 7,800,000 per quarter, and for the packing machine is Rp. 2,700,000 per quarter.

Packaging Cost

Table 5. Coffee Packaging Cost For Torang

Keterangan	Biaya Per Bulan (Rp)	Biaya Per Triwulan (Rp)
Kemasan Printing	571.666	1.715.000
Plastik Luar	235.173	705.517
Etiket Produk	129.167	387.500
Dus Packing	383.333	1.150.000
TOTAL		3.958.017

Source: PT. Fortune Inti Alam 2025

Table 5, is a breakdown of packaging costs for the production process at PT. Fortune is the core of nature. Where in each cost incurred is multiplied in three months. Thus the total packaging cost is Rp. 3,958,017

Auxiliary Raw Material Cost

Table 6. Auxiliary Raw Material Cost

Keterangan	Harga Per Bulan (Rp)	Harga Per Triwulan (Rp)
Solar	3.600.000	10.800.000

Source: PT. Fortune Inti Alam 2025

In the context of producing coffee, the cost of these auxiliary raw materials includes the cost of buying diesel production in three months of Rp. 10,800,000. Diesel is also an important raw material used in the drying process of coffee beans.

Calculation of Production Costs of PT. Fortuna Nature Core with Traditional/Conventional Methods

Based on the results of observations and interviews that have been conducted at PT. Fortuna Inti Alam, it is known that this company produced 9,300kg in October 2024 - December 2024. Based on the detailed description of the cost, PT. Fortuna Inti Alam requires production costs with the following details:

Tabel 7. Rincian Biaya Produksi

Keterangan	Harga (Rp)
Biaya Bahan Baku	237.150.000
Biaya Tenaga Kerja	150.000.000
Biaya <i>Overhead</i>	64.408.017
TOTAL	451.558.017

Source: PT. Fortune Inti Alam 2025

In the quarter or three months, expenses for production costs at PT. Fortuna Inti Alam is IDR 451,558,017, thus, the production cost using traditional methods is as follows:

$$\begin{aligned} \text{Cost Per Production} &= \text{Total Production Cost} : \text{Units Produced} \\ &= 451.558.017 : 9.300/\text{kg} \\ &= 48.555 \end{aligned}$$

DISCUSSION

The implementation of the Coffee Production Costing Target of PT. Fortuna Inti Alam

Target Costing can be used in setting selling prices to reduce production costs. This study will observe the process of implementing the target costing method as an effort to reduce production costs at PT. Fortune is the core of nature. The stages that the researcher carried out in the implementation of the costing target are as follows:

1. **Determining the Selling Price Based on the Market Price**

Determining the selling price of the product, PT. Fortuna Inti Alam still uses a simple method, namely by looking at the cost of production materials and observing the selling prices offered by other competitors. To determine the value or selling price of the product, of course, you must pay attention to several things such as the quality of the materials to be used. PT. Fortuna Inti Alam sets the selling price of Fortorang Coffee products at Rp. 56,000 per 600 grams or equivalent to one pack of coffee.

2. Profit Target

PT. Fortuna Inti Alam wants a 30% increase in profit. Expenses that are still not managed properly are one of the factors that hinder the achievement of profits. In addition, the selling price of products offered to consumers is currently still relatively low, thus affecting the total revenue obtained. Therefore, the researcher provided a solution to PT. Fortuna Inti Alam to increase the company's profit by using the Target Costing method as an alternative.

3. Determining Target Costing

According to Hansen and Mowen (2021), the costing target can be determined by:

$$\begin{aligned}
 \text{Target Costing} &= \text{Selling Price} - \text{Profit Margin} \\
 &= \text{Rp.56.000} - (30\% \times \text{Rp.56.000}) \\
 &= \text{Rp.56.000} - 16.800 \\
 &= \text{Rp.39.200} \\
 \text{Per Unit} &= \text{Rp.39.200} \\
 \text{Per Month} &= \text{Rp.39.200} \times 3.100/\text{kg} \\
 &= \text{Rp.121.520.000} \\
 \text{Per Quarter} &= \text{Rp.121.520.000} \times 3 \text{ Months} \\
 &= \text{Rp.364.560.000}
 \end{aligned}$$

Based on calculations using formulas from Hansen and Mowen's (2021) theory, the target costing obtained is IDR 364,560,000 within three months.

Performing Value Engineering

To achieve the *costing target* according to the expected profit, the researcher proposes an alternative through the application of *value engineering* or value engineering. The goal is to reduce costs without lowering product quality. Based on the results of the interviews, the company can save on raw material costs by switching to other suppliers who offer lower prices but the quality remains the same. Through this strategy, the efficiency of the production process can increase and the profitability of PT Fortuna Inti Alam can be maintained in a sustainable manner. Here is a breakdown of alternative suggestions that companies can consider to reduce production costs:

Cost-Efficient Raw Materials

Table 8. Comparison of Coffee Bean Raw Material Costs Before and After Value Engineering

Nama Bahan Baku	Kuantitas Per Triwulan	Sebelum Rekayasa Nilai Harga (Rp)	Total	Sesudah Rekayasa Nilai Harga (Rp)	Total
Biji Kopi	9.300kg	25.500	237.150.000	18.500	172.050.000
Total			237.150.000		172.050.000
Selisih		Rp. 65.100.000			

Source: PT. Fortune Inti Alam 2025

In producing coffee, the company needs 9,300kg of coffee beans in three months. Researchers found coffee bean suppliers in Lampung province at a price of Rp. 18,500/kg. This price is certainly cheaper than the price of coffee beans purchased by the company for Rp. 25,500/kg. For this reason, the researcher advised companies to replace suppliers of coffee bean raw materials. Table 8, shows the cost of raw materials for Coffee Beans before and after value engineering. The total cost of the company's raw materials was reduced from Rp. 237,150,000 before the value engineering was carried out to Rp. 172,050,000 after the value engineering got a difference of Rp. 65,100,000.

Comparison Before and After the Implementation of Target Costing

After implementing the costing target by conducting value engineering to reduce the cost of raw materials, the last stage is to compare the results of cost calculations before and after value engineering.

Table 9. Overall Calculation of Production Costs

Keterangan	Jumlah Sebelum <i>Target Costing</i>	Jumlah Sesudah <i>Target Costing</i>
Biji Kopi	Rp. 237.150.000	Rp. 172.050.000
Total Biaya Bahan Baku	Rp. 237.150.000	Rp. 172.050.000
Biaya Tenaga Kerja	Rp. 150.000.000	Rp. 150.000.000
Total Biaya Tenaga Kerja	Rp. 150.000.000	Rp. 150.000.000
Listrik	Rp. 8.100.000	Rp. 8.100.000
Gaji Pengawas	Rp. 18.000.000	Rp. 18.000.000
Pemeliharaan Mesin	Rp. 23.550.000	Rp. 23.550.000
Kemasan Printing	Rp. 1.715.000	Rp. 1.715.000
Plastik Luar	Rp. 705.517	Rp. 705.517
Etiket Produk	Rp. 387.500	Rp. 387.500
Dus Packing	Rp. 1.150.000	Rp. 1.150.000
Bahan Penolong Solar	Rp. 10.800.000	Rp. 10.800.000
Total Biaya Overhead Pabrik	Rp. 64.408.017	Rp. 64.408.017
Total Biaya Produksi	Rp. 451.558.017	Rp. 386.458.017
Unit/Biji Kopi Diproduksi	9.300/kg	9.300/kg
HPP per Unit	Rp. 48.555	Rp. 41.554

Source: PT. Fortune Inti Alam 2025

Table 9 shows a significant decrease in the total production cost of PT Fortuna Inti Alam after the implementation of *the costing target*. The total production cost decreased from IDR 451,558,017 to IDR 386,458,017, with a savings difference of IDR 65,100,000. The cost of production per kilogram also decreased from IDR 48,555 to IDR 41,554, indicating that the *target costing method* is effective in reducing the company's production costs.

Based on the results of interviews conducted by researchers, the following is a profit and loss report before and after the implementation of the costing target at PT. Fortune is the core of nature.

Table 10. Profit and Loss Statement Before Costing Target

Penjualan		Rp. 520.800.000
Dikurangi		
Biaya Bahan Baku	Rp. 237.150.000	
Biaya Tenaga Kerja	Rp. 150.000.000	
Biaya <i>Overhead</i>	Rp. 64.408.017	
		Rp. 451.558. 017
Laba Bersih		Rp. 69.241.983

Source: PT. Fortune Inti Alam 2025

Table 10 shows that in October 2024 - December 2024 the company earned a net profit of Rp. 69,241,983 or 13.30% with the following percentage calculation:

Furthermore, in table 12 below, the calculation of profit and loss after applying the target costing method at PT. Fortuna Inti Alam can be found to have a profit of 25.80% from the sale of coffee products.

The following is the formula for calculating profits according to Niedar, et al (2022):

$$\text{Profit} = \text{Total Sales} - \text{Total Cost}$$

$$\text{Profit} = \text{Rp. 520.800.000} - \text{Rp. 386.458.017} = \text{Rp. 134.341.983}$$

Table 11. Profit and Loss Report Target Costing PT. Fortuna Inti Alam

Penjualan		Rp. 520.800.000
Biaya Produksi:		
Biaya Bahan Baku	Rp. 172.050.000	
Biaya Tenaga Kerja	Rp. 150.000.000	
Biaya <i>Overhead</i>	Rp. 64.408.017	
		Rp. 386.458.017
Laba Bersih		Rp. 134.341.983

Source: PT. Fortune Inti Alam 2025

$$\frac{\text{Laba bersih}}{\text{Penjualan}} \times 100 \% = \frac{\text{Rp.69.241.983}}{\text{Rp.520.800.000}} \times 100 \%$$

$$= 13,30\%$$

The increase in PT Fortuna Inti Alam's net profit was entirely due to the efficiency of raw material costs. Supplier replacement reduced the price of coffee beans from Rp25,500/kg to Rp18,500/kg, resulting in a decrease in quarterly raw material costs by Rp65,100,000. Labor costs and overhead remained fixed, but total production costs decreased from Rp451,558,017 to Rp386,458,017. With fixed sales of Rp520,800,000, net profit increased from Rp69,241,983 (13.30%) to Rp134,341,983 (25.80%), indicating that the overall increase in profit came from raw material efficiency.

Table 12. Method Raw Material Efficiency Comparison Report Conventional and Target Costing Methods

Komponen	Sebelum (Rp)	Sesudah (Rp)	Selisih (Rp)	Keterangan
Penjualan (Triwulan)	520.800.000	520.800.000	0	Harga Jual Tetap
Biaya Bahan Baku (Biji Kopi)	237.150.000	172.050.000	65.100.000	Penggantian Supplier Penurunan Harga/kg 25.500 menjadi 18.500
Biaya Tenaga Kerja	150.000.000	150.000.000	0	Tidak Berubah
Biaya Overhead Pabrik	64.408.017	64.408.017	0	Tidak Berubah
Total Biaya Produksi	451.558.017	386.458.017	65.100.000	Penurunan Total Biaya Atau Penghematan Bahan Baku
HPP Per Unit (/kg)	48.555	41.554	7.001	Turun Menjadi 14,42%
Laba Bersih	69.241.983	134.341.983	65.100.000	Keuntungan Naik 13,30% Menjadi 25,80%

Source: PT. Fortune Inti Alam 2025

Table 12 above is a comparison of efficiency before and after the costing target or value engineering where the saving in raw material efficiency of Rp. 65,100,000 (the result of changing suppliers Rp. 25,500/kg to Rp. 18,500/kg) is the main cause of the decrease in HPP or cost of production per unit and an increase in profit.

Table 13. Comparison of Production Costs Before and After PT Fortuna Inti Alam's Quarterly Costing Target

	Metode Konvensional	Target Costing
Penjualan	Rp. 520.800.000	Rp. 520.800.000
Biaya Produksi	Rp. 451.558.017	Rp. 386.458.017
Persentase Laba	13,30%	25,80%

Source: PT. Fortune Inti Alam 2025

Based on the comparison of production cost calculations shown in Table 4.13, it can be seen that after the implementation of the target costing method, it can reduce production costs compared to before the implementation of the target costing. Which is where the result of Rp. 520,800,000 is obtained from 9,300kg of raw materials per quarter multiplied by the market selling price of Rp. 56,000 per 600g package or one pack of coffee, Thus, the target costing method can function as an effective tool in controlling production costs, which can help increase profits at PT. Fortune is the core of nature. So that the target costing method can provide a strong basis for more strategic decision-making in cost management, so that businesses can be more competitive in the market.

CONCLUSIONS AND RECOMMENDATIONS

Based on the discussion and analysis that has been carried out, it can be concluded that:

1. The use of the target costing method has been proven to be more effective in managing production costs compared to conditions before the method was implemented.
2. In the review of production costs, it can be seen that by using the costing target, PT. Fortuna Inti Alam only needs to spend production costs of Rp. 386,458,017 during the months of October to December 2024. Of these, the company was able to achieve a profit percentage of 25.80%. On the other hand, if the target costing method has not been implemented, the production cost that must be incurred increases to Rp. 451,558,017, with a smaller profit percentage, which is only 13.30%.
3. There is a difference of Rp. 65,100,000 between the two calculations, This difference illustrates the potential efficiency that can be obtained through the application of the target costing method, which not only helps to reduce production costs but also provides greater opportunities for companies to increase profits

Based on the results of the research conducted, the suggestions that researchers can give are as follows:

1. PT. Fortuna Inti Alam to apply the target costing method as a production cost control system. The application of this method is expected to increase profits and help companies achieve the desired targets.
2. PT. Fortuna Inti Alam evaluates the choice of raw materials and production processes. It is important to maintain a balance between cost efficiency and product quality. By prioritizing quality while applying the target costing method.

ADVANCED RESEARCH

Based on the conclusions and suggestions that have been outlined, further research is recommended to expand the scope of the analysis to other factors that affect production cost efficiency, not only limited to raw material costs, but also include direct labor costs as well as factory overhead costs. In addition, subsequent research can be conducted on a larger production scale or over a longer period of time to assess the consistency of the application of *the target costing* method to increase the company's profitability. Future research can also examine the effect of the implementation of *target costing* on product quality and consumer satisfaction to ensure that cost efficiency does not compromise product quality. Furthermore, it is also recommended that further research conduct a comparison between *target costing* and other cost control methods, such as *activity-based costing* or *standard costing*, in order to find out the most effective and appropriate methods applied to similar manufacturing companies.

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