

Determining the Selling Price of Products in MSMEs in Indonesia: A Systematic Literature Review

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Abstract:- Setting the selling price in Micro, Small and Medium Enterprises (MSMEs) is very important because it will affect the profits that will be obtained by MSMEs. MSMEs must be able to correctly calculate production costs, including raw material costs, labour costs, overhead costs, and other costs associated with production. This article aims to present what methods are used in determining the selling price of products by MSMEs in Indonesia through a systematic review of existing literature. There are three main aspects discussed in this article, namely: 1) product selling price; 2) product selling price in MSMEs; 3) product selling price determination in MSMEs. Specific inclusion criteria were used to identify and test the literature. This article provides insights through systematic analysis and synthesis. This article found three methods used by researchers in MSMEs in Indonesia when determining product selling prices, namely cost-plus pricing, mark up pricing and time driven activity based costing. Where the average MSME in Indonesia still uses the selling price method set by the manufacturer.

Keywords: - Selling Price Product, MSMEs, Indonesia, Systematic Literature Review.

I. INTRODUCTION

Micro, Small and Medium Enterprises (MSMEs) play an important role in the economic development of any country due to their potential to generate high levels of employment (Mishra & Kushwaha, 2023). Globally, MSMEs represent around 90% of businesses and provide more than 50% of employment (The World Bank, 2019). Likewise in Indonesia, from 2013 to 2019 the growth of MSMEs continued to increase. Until 2020, it decreased due to the Covid-19 pandemic, but in 2021 it increased again. Therefore, the welfare of MSMEs significantly contributes to the welfare of a nation.

Many companies set their prices without giving it much thought. This is a mistake that causes them to leave "money" on the table in the first place. The good news is that taking the time to get product pricing right can act as a powerful growth lever. If it is able to optimise its pricing strategy, so that more people pay a higher amount, the venture will earn more revenue than companies that treat pricing more passively (Paddle, 2020). This sounds obvious, but it is rare for companies to put much effort into finding the best pricing strategy.

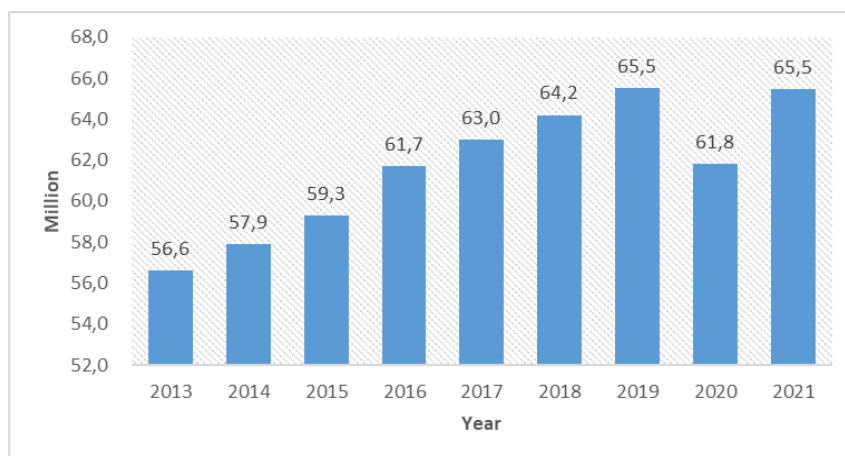


Fig. 1: Number of MSMEs in Indonesia 2013 – 2023

Choosing a price for a product is a big decision. It determines a company's ability to attract customers, what products to sell, and, ultimately, how profitable it will be. Price is the most important lever that retailers pull. Retailers have spent decades determining pricing strategies. The three prominent pricing strategies are high price (e.g. premium price, examples include iPhone and Tesla flagship products and Herm leather goods), low price (e.g. everyday low price, examples include Walmart and Trader Joe's), and high-low price (e.g. premium fashion brands including Michael Kors, Ralph Lauren) emphasising high profit margins, higher sales

volume, and profit margins and sales volume, respectively (Wu et al., 2022).

Setting the selling price in MSMEs is very important because it will affect the profits that will be obtained by MSMEs. In setting selling prices, MSMEs must consider several factors such as production costs, overhead costs, desired profit margins, market competition, and consumer demand. MSMEs must be able to correctly calculate production costs, including the cost of raw materials, labour, overhead costs, and other costs related to production. After that, MSMEs can determine the desired profit margin to

obtain a favourable selling price. However, too high a profit margin may make the product uncompetitive in the market.

In addition, MSMEs must consider market competition and consumer demand. If the products produced have fierce competition, the selling price must be adjusted so that the products are still competitive in the market. Similarly, if consumer demand for the product is high, the selling price can be increased. Therefore, in setting selling prices, MSMEs must consider various factors so that the prices set can benefit their business and at the same time still compete in the market.

II. LITERATURE REVIEW

A. Profit

Conventional economic theory is based on the normative assumptions that firms should pursue private financial returns for owners and that competition for profits is a natural and positive phenomenon (Persson & Hinton, 2023). The assumption (Krugman & Wells, 2018) is that these processes encourage innovation and efficient resource allocation. However, some studies show that competition for profit also drives social and environmental exploitation, resulting in inequality and ecological crises (Jackson, 2017). According to (Swardjono, 2013), profit is the increase in assets during a certain period caused by productive activities and divides dividends according to share ownership. In business, the main objective is to make a profit, which can be achieved by selling a product or service at a price higher than its production or procurement costs. The higher the selling price of a product or service, the greater the potential profit that can be generated (Usman et al., 2023). However, keep in mind that too high a selling price can also reduce the number of potential buyers and reduce sales volume.

B. Cost of Goods Manufactured

Businesses use several tools to help determine the overall profitability of their company. Cost of goods manufactured is the cost assigned to units produced in an accounting period. This concept is useful for examining the cost structure of a company's production operations. According to (Blocher et al., 2007), cost of goods manufactured is the cost of products that are completed and transferred to work in process in the current period. The best approach to examine the cost of manufactured goods is to separate it into its component parts and examine it on a trend line. By doing so, the company can determine the types of costs the business incurs over time to produce a specific mix and quantity of goods (Atteam, 2023). Cost of goods manufactured considers all costs associated with manufacturing inventory, including direct materials, factory overheads and labour costs. Cost of goods manufactured is important because it gives management an overview of overall production costs and whether these costs are too high or too low (indeed, 2022). By better understanding the cost of goods produced, companies can make adjustments to maximise overall profitability.

C. Product Selling Price

The market's ability to receive fast and accurate information can be explained through signalling theory. This theory explains that signals coming from internal to the company or from external to the company will have a direct impact on relevant movements (Sunardi et al., 2023). According to (Brigham & Houston, 2007), signal theory is an action taken by the company to guide investors about how management assesses the company's prospects Product selling price which refers to the selling price of a product to customers. This price is generally determined by factors such as production costs, marketing and advertising costs, and the desired profit margin. The selling price of a product is an important consideration for businesses as it can affect sales volume, profitability and competitiveness in the market. The selection of the right pricing method will depend on many factors, including production costs, target market, competition, and the company's marketing strategy. According to an article from (Bdc.ca, 2021), pricing methods that are often used are cost-plus pricing, competitive pricing, price skimming, penetration pricing and value-based pricing. The objectives of setting the selling price of products according to (Kotler et al., 2016), as follows:

- Maximum profit objective. In determining the selling price of products, companies must consider other factors such as brand image, target market, and product added value. A price that is too high can reduce the attractiveness of the product to consumers and damage the brand image, while a price that is too low can reduce profits and reduce the added value of the product. Therefore, optimal pricing should consider the overall business objectives, as well as the balance between profit and added value for consumers. Therefore, achieving a high price for the product is possible.
- Product quality leadership objective. This strategy is for high-value (medium-high) products, where the product is of high quality and therefore commands the highest price. In general, higher quality and more expensive raw materials are used in this scenario.
- Market survival objective. This objective is also called penetration pricing and is used when a new competitor moves into an existing market and tries to gain market share. Prices are lower than competitors and the product is considered a goof value.
- Maximum sales growth objective. This is similar to the survival objective, except that as the anticipated market share is gained and production costs decrease, the price is further reduced.

D. Cost-Plus Pricing

By developing a strong pricing strategy, companies can improve business competitiveness and gain more sales (Keenan, 2022). The simplest approach to product pricing is cost-plus pricing. According to (Mulyadi, 2015), cost-plus pricing is determining the selling price by adding the expected profit over the full cost used to produce a product. Cost-plus pricing, also known as markup pricing, involves calculating total costs, then applying a percentage markup to those costs to achieve the asking price.

$$\text{Cost} + \text{Mark Up} = \text{Price}$$

For example, an electronics company releases a new product and wants to determine its selling price using the cost plus pricing method. The per-unit production cost of the product is \$500, and the company has set a profit margin of 30%. Using the cost plus pricing method, the selling price of the product is calculated by adding a 30% markup to the production cost per unit:

$$\begin{aligned} \text{Selling price} &= \text{production cost per unit} + (\text{profit margin} \times \text{production cost per unit}) \\ \text{Selling price} &= \$500 + (30\% \times \$500) \\ \text{Selling price} &= \$500 + \$150 \\ \text{Selling price} &= \$650 \end{aligned}$$

In this example, the company would sell their new product for \$650, which includes the cost of production and a pre-set profit margin. However, keep in mind that the cost plus pricing method does not consider other factors such as market demand or competition in the industry that may affect the actual selling price. This method can be used by companies to guarantee that they earn enough profit from the sale of their products or services, while also considering

production costs and other operating expenses. However, this method may become less effective if production costs or operating costs increase significantly, thus affecting the desired profit margin.

E. Mark Up Pricing

If it wants to make a profit, a company needs to mark up the price of a product or service and sell it at a price higher than the cost of goods and labour. Understanding mark up pricing, the benefits it provides and how to use it for profit can help companies make well-informed decisions and strategies to benefit the business. Mark up pricing refers to a pricing strategy in which the price of a product or service is determined by calculating the quantity of the product and the percentage as a profit margin (Indeed, 2022). In other words, it is a method of adding a percentage to the cost of a product to determine its selling price. For reference, profit margin refers to the price difference between the selling price of a good or service and its cost. It is basically the price added to the total cost of the good or service that makes a profit for the company.

$$\text{Cost of good or service} + \text{Mark Up} = \text{Selling Price}$$

Based on the formula companies can set their retail or sales prices by adding a certain markup to the costs they

incur from creating goods or services. The formula for calculating the mark up percentage, namely:

$$\text{Mark Up Percentage} = ((\text{Sales Price} - \text{Unit Cost}) / (\text{Unit Cost})) \times 100$$

The specific amount of markup a company uses depends on its needs, type of business, and industry. While some companies increase the prices of their goods and services by a small percentage, others are able to mark up their goods and services by a very large amount. For example, a clothing store wants to set a selling price for a shirt. The cost of producing the shirt is \$50. The company has set a markup of 40%. Using the markup pricing method, the selling price of the shirt is calculated by adding a 40% markup to the manufacturing cost:

$$\begin{aligned} \text{Selling price} &= \text{production cost} \times (1 + \text{Markup}) \\ \text{Selling price} &= \$50 \times (1 + 0.4) \\ \text{Selling price} &= \$50 \times 1.4 \\ \text{Selling price} &= \$70 \end{aligned}$$

In this example, the selling price of the shirt is set at \$70, which includes the manufacturing cost and the 40% markup set earlier. However, keep in mind that the markup pricing method does not consider other factors such as market demand or competition in the industry that may affect the actual selling price.

$$\text{Cost} + \text{Mark Up} = \text{Price}$$

III. METHODOLOGY

To answer the research question, this article uses the systematic literature review method. According to (Kitchenham & Charters, 2007) systematic literature review (also called systematic review) is a method that identifies,

evaluates, and interprets all available research relevant to a research question, subject area, or phenomenon of interest. The author uses the method (Kitchenham, 2004) which has been used by (Susanti et al., 2023). Where they use three phases namely planning, conducting and reporting.

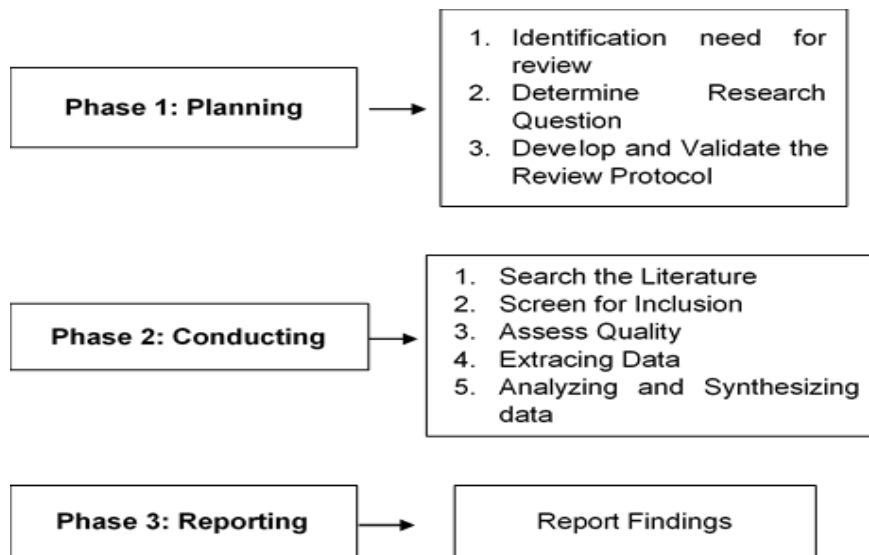


Fig. 2: Research process of systematic literature review (Susanti et al., 2023)

A. Planning

The identification need for review stage means identifying the need to review the existing literature for a particular topic. In the context of determining the selling price of products in MSMEs, the identification need for review will identify literature related to the topic, such as research on methods used in setting product prices, factors that affect product pricing, and how to calculate product prices. The research questions of this study are: 1) What methods are used in determining product selling prices?; 2) How to calculate product prices according to each study?; 3) What are the factors that influence the determination of product selling prices? At the develop and validate the review protocol stage, the author limits the scope of the

review so that it is not too broad and focuses on the topic, namely determining the selling price of products in MSMEs. So that the keywords of this article are: 1) Product selling price; 2) Product selling prices in MSMEs; 3) Determination of Product Selling Prices in MSMEs.

B. Conducting

The stage of searching the literature, keywords and abstracts is carried out by taking journals from Google Scholar 2013-2023. Where the research location is a city in Indonesia. The author uses Google Scholar in order to maximise the opportunity that journals can be accessed without the burden of a license. From the search process conducted, 22 journals were obtained.

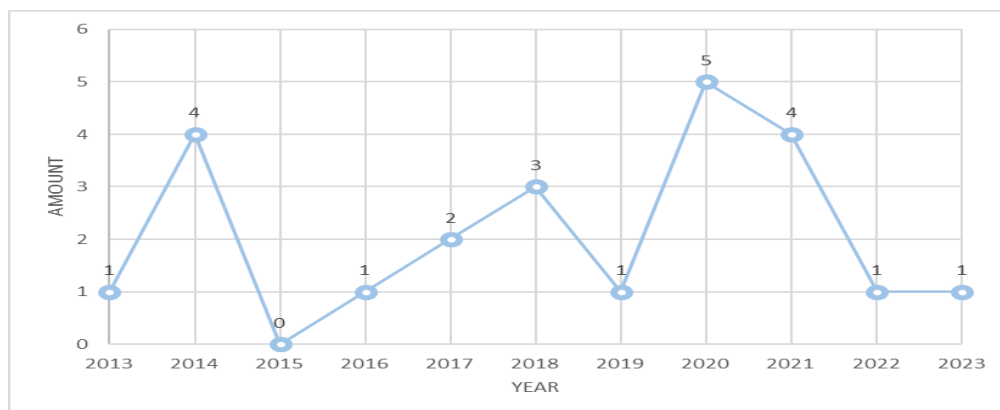


Fig. 3: Number of Paper

The screen for inclusion stage is a stage where article selection is carried out based on predetermined inclusion criteria. The inclusion criteria used are:

- Paper published in 2013 to 2023.
- Paper obtained from Google Scholar.
- Papers that are relevant and can answer research questions.
- Indonesian language papers and case studies from cities in Indonesia.

Based on these criteria, of the 22 articles found, 12 journals were used by the author.

The assess quality stage is the stage where articles selected from the screen for inclusion stage are critically evaluated to determine their quality level. The aim is to ensure that the selected articles are of good quality and reliable in generating conclusions. The author assesses all selected journals based on several suggestions given in (Kitchenham, 2004) (Kitchenham, 2004) which have also been used (Susanti et al., 2023). The author also considers the research question of this article, so the quality assessment checklist used is:

- Is the research question or research objection of the selected article appropriate?
- Does the selected article convey the selling price method used and its calculation in detail?
- Is the information provided in accordance with the actual situation and traceable?
- Do the research results fulfil the research question or research objection?

Based on the results of the quality assessment, it was found that the selected articles fulfilled all the criteria given. Therefore, the 12 selected journals entered the next stage.

The data extraction stage is an important stage in collecting data from articles relevant to the research topic. At this stage, the author extracted data from the 12 selected journals that were found to fulfil the predetermined criteria. The data we extracted from each journal were journal title, journal author's name, year of publication, theme raised, product selling price method used, and research location. The results of data extraction from each journal are then used to analyse and determine the determination of product selling prices in MSMEs in Indonesia.

The stage of analysing and synthesizing data is integrating and evaluating data that has been extracted from selected journals. The author analyses and synthesizes the data that has been extracted from each selected journal in terms of the methods used and the results obtained from each study. The main purpose of this article is to provide information to readers about the methods used by several MSMEs in Indonesia in determining the selling price of their products, how they calculate using these methods and what factors affect the determination of the selling price of a product.

C. Reporting

The report findings stage involves collecting, reviewing, and synthesising the research results found during the search stage. At this stage, the author reports the analysis taken from each selected journal based on the product selling price method and a descriptive explanation of the research results in the form of methods and calculation examples of the methods used. The structure of this article is arranged in such a way that it can answer the research question of the article that has been submitted.

IV. RESULTS AND DISCUSSION

The selected and accepted articles as the main reference material are further described in the form of a table below:

No	Authors	Title	Method	Results
1	(Moray et al., 2014)	Penetapan Harga Jual dengan <i>Cost Plus Pricing</i> Menggunakan Pendekatan <i>Full Costing</i> Pada UD Gladys Bakery	<i>Cost-Plus Pricing</i>	a. Determination of selling prices set by UD. Gladys Bakery still uses the selling price method set by the manufacturer or uses the relative selling price method, namely the selling price that follows the market price set by other similar trading businesses. b. Setting the selling price of cost plus pricing using the full costing approach is still much cheaper than the selling price set by UD. Gladys Bakery.
2	(Toar et al., 2017)	Analisis Perbandingan Harga Jual Produk Dengan Menggunakan Metode <i>Cost Plus Pricing</i> Dan <i>Mark Up Pricing</i> Pada Dolphin Donuts Bakery	<i>Cost-Plus Pricing</i> dan <i>Mark Up Pricing</i>	The selling price determination by Dolphin Donuts Bakery uses the selling price method set by the manufacturer. A comparison of the selling price of the company's products using the Cost-Plus Pricing method and the Mark Up Pricing method, shows that the selling price of the Mark Up Pricing method (Rp.7,218) is still much cheaper than the Cost Plus Pricing method (Rp.7,519) and the selling price set by Dolphin Donuts Baker (Rp.8000).
3	(Sari, 2018)	Analisis Penentuan Harga Jual Dengan Metode <i>Cost Plus Pricing</i> dan Pengaruhnya terhadap Laba yang Dihasilkan Pada Ud Maju	<i>Cost-Plus Pricing</i>	The selling price determination that has been carried out by UD Maju has not been appropriate. The selling price set by UD Maju for Betawi chair products is IDR 850,000 / set and based on the calculation of the cost plus pricing method with a full costing approach is IDR 884,020 / set.
4	(Dewi & Atmadja, 2020)	Analisis Penentuan Harga Jual Untuk Barang Preloved (Studi Kasus pada Bisnis Barang Preloved @Bekasberkualitaz)	<i>Mark Up Pricing</i> dan <i>Cost-Plus Pricing</i>	The method of setting the selling price @Bekasberkualitaz uses mark up pricing. The calculation results show that using the Cost Plus Pricing method gets a maximum profit rather than using the Mark Up Pricing method with a selling price difference of Rp.37,200 because the Cost Plus Pricing method charges the cost of each item sold so that the profit earned is greater.
5	(Oktavia et al., 2020)	Analisis Penetapan Harga Jual	<i>Mark Up Pricing</i>	a. Determination of the selling price using the mark up pricing method with a full costing approach for 90

		Menggunakan Metode Mark Up Pricing Pada Produk Permen Susu		<p>gram packaging is higher at Rp. 10,750 compared to the determination of the selling price made by the company, which is Rp. 10,000.</p> <p>b. The selling price for 220 gram packaging set by the company is correct, namely at a price of Rp. 25,000 where the selling price determination using the mark up pricing method with a full costing approach for 220 gram packaging is Rp. 24,995.</p> <p>c. And the determination of the selling price using the mark up pricing method with a full costing approach for 400 gram packaging is lower, namely Rp. 39,913.2 compared to the determination of the selling price made by the company, which is Rp. 50,000.</p>
6	(Hikmat, 2020)	Penerapan Metode Mark-Up Pricing Untuk Menentukan Harga Jual Kaos Polos pada UKM Suckseed Konveksi di Tasikmalaya	<i>Mark Up Pricing</i>	This study aims to determine the selling price of plain t-shirts at the Suckseed Konveksi company using the Mark-Up Pricing method to determine the selling price of plain t-shirts at the Suckseed Konveksi company. After obtaining the raw data, it is calculated using the Mark-Up Pricing method and the results are obtained for the cost of goods sold of plain t-shirts per unit. If the profit to be obtained is 50%, it is Rp. 7,124.58 and the selling price is Rp. 11,399.33. Thus the company can compete with other companies that sell similar or the same product.
7	(Harjanti et al., 2021)	Analisis Harga Pokok Produksi dan Harga Jual dengan Metode Cost Plus Pricing (Studi Kasus pada UKM Wedang Umuh Gen Tegal)	<i>Cost-Plus Pricing</i>	With the same profit mark up of 7.5%; the determination of the Selling Price using the SME method is IDR 119,738 while using the Cost Plus pricing method is IDR 121,641. The difference in the calculation of the Selling Price according to SMEs with the Cost Plus Pricing method is Rp1,903. The difference occurs because SMEs have not calculated the cost of machine maintenance and maintenance.
8	(Bryan F. W. Taroreh, Sifrid S. Pangemanan, 2021)	Analisis Penentuan Harga Jual Menggunakan Metode Cost Plus Pricing Dengan Pendekatan Full Costing Pada CV. Verel Tri Putra Mandiri	<i>Cost-Plus Pricing</i>	The calculation of the selling price using a scientific method, in this case the cost plus pricing method, provides a quite contrasting difference with the company's method Where, for the 3 types of products that are the sample of research, the company's selling price has a higher price, namely for the 3 products that are the sample of research by more than 10%, namely in chocolate bread products by 14.74%, cheese bread by 16.13% and peanut bread by 18.23%. This happens because the company does not make calculations based on costs, but only based on market prices and estimation methods based on the owner's experience in running the business. This happens because the company does not make calculations based on costs, but only based on market prices and estimation methods based on the owner's experience in running a business.
9	(Kurniawansyah, 2021)	Model Penentuan Harga Jual dengan Metode Time Driven Activity Based Costing Pada UMKM "Sale Pisang" di Kabupaten Banyuwangi	<i>Time Driven Activity Based Costing</i>	The process of calculating the production cost of "Sale Pisang" still uses traditional methods, so that the product cost becomes distorted and the selling price is not competitive. The unit price per product for wet banana sale is Rp. 7,800 and fried banana sale is Rp. 18,000. Rp. 18,000,-. If sold following the market price of the TDABC method with a mark-up margin contribution of 25% for wet banana sale, and 22% for fried banana sale, the selling price is Rp. 9,750 for wet banana sale, and Rp. 20,740 for fried banana sale. The calculation of the TDABC model in determining the selling price is able to provide a competitive price and below the market price, so that it has the opportunity to obtain cost leadership and high profitability.

10	(Noviasari & Alamsyah, 2020)	Peranan Perhitungan Harga Pokok Produksi Pendekatan Full Costing Dalam Menentukan Harga Jual Dengan Metode Cost Plus Pricing Studi Kasus pada UMKM Sepatu Heriyanto	<i>Cost-Plus Pricing</i>	Based on the calculation of the cost of production of the Full Costing approach and the selling price of the Cost Plus Pricing method, it produces a higher value than the calculation of the selling price according to the company's method. The difference in the cost of production results in a different selling price between the company and the Cost Plus Pricing method. The difference is Rp. 15,765 / body or Rp. 788 / pair for hamer and kavaro shoes.
11	(Soci et al., 2014)	Penentuan Harga Jual Produk dengan menggunakan Metode Cost Plus Pricing pada UD. Sinar Sakti	<i>Cost-Plus Pricing</i>	The selling price set by UD. Sinar Sakti still uses the selling price method set by the manufacturer or uses the relative selling price method, the selling price of the product according to the company is Rp. 2,820,000 while according to the Cost Plus Pricing method it is Rp. 2,170,639. Comparison of the selling price of products according to the company with the Cost Plus Pricing method obtained a difference of Rp649,361. This result shows that the Cost Plus Pricing method is very appropriate to be applied to companies engaged in the furniture industry.
12	(Voerman et al., 2023)	Penentuan Harga Jual Produk Dengan Menggunakan Metode Cost Plus Pricing Dan Mark Up Pricing pada Cv . Tumou Pratama	<i>Cost-Plus Pricing dan Mark Up Pricing</i>	From the results of the calculation of the selling price for small type wooden houses (36 m2) and medium type (70 m2). The cost plus pricing and mark up pricing methods are lower than the company's selling price, in contrast to the large type wooden house (112 m2) and extra type (198 m2). The selling price of the cost plus pricing method and mark up pricing method is higher than the company's selling price because the company's selling price calculation for the large type (112 m2) and extra type (198 m2) only includes production costs for a month while the production process time for these two types of wooden houses takes more than one month, namely the large type (112 m2) for 48 days and the extra type (198 m2) for 96 days.

A. *Cost-Plus Pricing*

Cost plus pricing is a pricing method in which the price of a product or service is determined by adding a margin to the cost of production or the costs associated with providing the service. In other words, the price is calculated based on the cost of production plus a predetermined markup. Retailers, manufacturers, restaurants, distributors, and other intermediaries often find cost-plus pricing to be a simple and time-saving way to determine prices. However, research from (Moray et al., 2014; Noviasari & Alamsyah, 2020; Soci et al., 2014) shows that the calculations used by MSMEs still use the selling price method set by the manufacturer or use the relative selling price method. In line with that, research from (Harjanti et al., 2021) shows the calculation of the SME method with cost-plus pricing with the same profit mark up of 7.5%. The selling price using the SME method is IDR 119,738 while using the Cost Plus pricing method is IDR 121,641. Likewise, with calculations from research (Sari, 2018), where the selling price set by UD Maju for Betawi chair products is Rp. 850,000, - / set and based on the calculation of the cost plus pricing method with a full costing approach of Rp. 884,020, - / set. Then research from (Bryan F. W. Taroreh, Sifrid S. Pangemanan, 2021) also explains the calculation of the selling price using the method provides quite a contrast with the company's method. One of the factors is that the company does not

make calculations based on costs, but only based on market prices and estimation methods based on the owner's experience in running a business.

B. *Mark-Up Pricing*

A mark up pricing strategy helps achieve an appropriate selling price for an organisation's products or services. A business can fix the markup price of its various products according to their type and usage, price and availability of substitutes, demand and supply, and others (Efinance, 2020). A fixed markup price percentage for each product will help save a lot of time and money for the organisation. It can only calculate the markup from the cost of the product and arrive at the selling price. Research (Oktavia et al., 2020) in detail the differences in the calculation of the selling price of milk candy packaging products from 90 grams, 220 grams and 400 grams. For 90 grams, the mark up pricing method is Rp.750 higher than the company method, the 220 gram packaging is Rp.5 lower than the company method and the 400 gram packaging is Rp.10,087 lower than the company method. Research from (Hikmat, 2020), also explains that if the profit you want to get is 50% of the sale of plain shirts, which is Rp. 7,124.58, then the selling price is Rp. 11,399.33. So that with this price the company can compete with other companies that sell similar or the same product. One of the disadvantages of this method is that the markup added may not reflect actual market conditions, which may

result in a selling price that is too high or too low. Therefore, it is important to consider factors such as competition and market demand before setting a specific markup.

C. Cost-Plus Pricing and Mark Up Pricing

Cost plus pricing and mark up pricing are two pricing methods that are similar but not the same. Both methods involve the calculation of production costs, but the way the markup or profit added is calculated is different. In both pricing methods, the purpose of the markup is to ensure that the company will earn sufficient profit from each product sold. However, the way the markup or profit added is calculated is different, so the two methods can produce different selling prices. Research from (Toar et al., 2017) explains in detail the calculation of the comparison of the selling price of Dolphin Donuts Bakery products with the Cost-Plus Pricing method and the Mark Up Pricing method, showing that the selling price of the Mark Up Pricing method (Rp.7,218) is still much cheaper than the Cost Plus Pricing method (Rp. 7,519) and the selling price set by Dolphin Donuts Baker (Rp.8000). Likewise, research from (Dewi & Atmadja, 2020) shows that setting the selling price @Bekasberkualitaz using the Cost Plus Pricing method gets the maximum profit rather than using the Mark Up Pricing method with a selling price difference of Rp.37,200 because the Cost Plus Pricing method charges the cost of each item sold so that the profit earned is greater. Research from (Voerman et al., 2023) regarding the selling price of small type wooden houses (36 m²) and medium type (70 m²) cost plus pricing and mark up pricing methods are lower than the company's selling price, in contrast to large type wooden houses (112 m²) and extra type (198 m²). The selling price of the cost plus pricing method and mark up pricing method is higher than the company's selling price because the company's selling price calculation for the large type (112 m²) and extra type (198 m²) only includes production costs for a month while the production process time for these two types of wooden houses takes more than one month, namely the large type (112 m²) for 48 days and the extra type (198 m²) for 96 days. Therefore, MSMEs must choose the pricing method that best suits their market conditions and marketing strategy.

D. Time Driven Activity Based Costing

Recently, greater emphasis has been placed on new tools that are more effective at cost accounting than traditional methods. One analytical tool that has shown promising results is Time Driven Activity Based Costing (TDACB). Based on research (Kurniawansyah, 2021), the TDABC method is able to reduce costs and increase the net profit of each banana sale variant. This method is very suitable for banana sale entrepreneurs because it is simpler and more powerful and is able to allocate costs accurately which makes it easier for banana sale entrepreneurs to allocate costs according to the activities and time used and is useful in suppressing prices. Compared to traditional models such as activity-based costing (ABC), TDABC calculates costs by focusing on two main factors (Kaplan & Anderson, 2004): (1 time-based cost per unit; 2 the amount of time required for each process to be completed on a task or job. TDABC improves cost accounting through the use of time maps, which can break down the cost of any activity based solely

on the amount of time spent by employees (Koolmees et al., 2021). As a result, the TDABC cost model can calculate costs using much less computing power compared to the ABC method.

V. CONCLUSION

Setting the selling price in MSMEs is a very important process in influencing the profits that will be obtained by MSMEs. The process of determining the selling price involves several factors such as production costs, overhead costs, desired profit margins, market competition, and consumer demand. The methods used by researchers on MSMEs in Indonesia based on 12 selected journals are cost-plus pricing, mark up pricing and time driven activity based costing. Based on the table, there are 6 journals that use the cost-plus pricing method, where the average of these MSMEs still uses the selling price method set by the manufacturer so that the researchers provide examples of calculations based on the cost-plus pricing method and obtain more profitable results. There are 2 journals that use the mark up pricing method, where by using this method these MSMEs can compete with other MSMEs. There is only one journal that uses time driven activity based costing, where previously these MSMEs still used traditional methods. There are 3 journals that use the cost-plus pricing and mark up pricing methods, where the researchers compare the calculation results according to MSMEs, cost-plus pricing and mark up pricing and then obtain different results.

The limitation of this article is in the process of determining selling prices in MSMEs. One of them is limited resources and experience in calculating production costs and the right profit margin. In addition, MSMEs also do not have access to sufficient market data and consumer demand to support the optimal selling price setting process. To overcome these limitations, MSMEs can conduct further research to obtain more accurate and up-to-date information related to the factors that influence selling price setting in MSMEs. Such research could include collecting market data and consumer demand, observing market competition, and analysing production costs in more depth.

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