Practice Accountancy Based Cultivation Cattle Milkfish Ponds as Determinants of Cost of Goods Production

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Abstract. The purpose of this study is to discuss the accounting procedures used to calculate the cost of producing trees at Padeg Village, Cerme District, Gresik Regency's Milkfish Pond Cultivation. Qualitative descriptive research is the methodology employed. Primary and secondary data sources make up the data sources. Interviews, documentation, and observation are the research methodologies that are employed. The pond owners in Padeg Village served as the research's informants. This study makes use of phenomenology. The study's findings demonstrate that, despite its simplicity, the process for estimating the cost of production trees is distinct. The Cost Theory is strengthened by this. Pond farmers can use practical contributions as a starting point to determine the cost of producing trees using the complete costing approach, which accounts for all expenditures in order to generate precise and accurate financial reports. This research is interesting because it paints a picture of pond farmers' efforts in figuring out the cost of producing trees in Padeg Village's leafless tradition region, adding a new dimension to accounting studies.

Keywords: Basic Production Price and Full Costing Method

1. Introduction

The development of economics, social sciences, especially sociology, is starting to be widely used as an analytical tool, especially in the field of accounting. The following is the opinion of Covaleski (1986) quoted by (1) at least sociology, psychology and anthropology are other scientific disciplines that are very useful for studying accounting. Furthermore (2) it is also revealed that as long as the economy uses money as a means of payment, the role of accounting is always led, because accounting records events of a business and financial nature. Accounting can be interpreted and used in general and accounting applies to every transaction that uses money as a means of payment. Starting from such thoughts, by combining the study of accounting theory and sociology as the basis for the analysis, the author intends to learn more about accounting theory, which exists in the lives of the people around us, which has not been revealed much by other researchers. In an attempt to get wealthy, the author conducted a number of observations, focusing on the cultivation of milkfish ponds in Padeg Village, Cerme District, Gresik Regency. Where the author sees, there is a phenomenon that is quite interesting for pond farmers in the area.

The activity of one of the milkfish pond farmers in Padeg Village in determining the price of

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the trees they produce is quite unique. The traditional patterns established by the social life of pond farmers determine the price of tree production. Not only oriented towards material gain but also social life. Pond farmers determine the price of production trees using a simple method (not counting all costs incurred). The importance of calculations in determining tree production prices not only necessary for manufacturing or service companies, but small, micro and medium enterprises (MSMEs) such as pond cultivators also need to calculate tree production prices precisely and accurately so that the profits obtained will be maximized. . The behavior of costs incurred by pond farmers which determine the price of tree production and selling prices is inconsistent and depends on the weather. Changes in natural conditions also have an impact on pond farmers' profits. The selling price also follows the market price offered by wholesalers. This means that pond farmers must have a large network of fish contractors and an in-depth strategy in determining selling prices without neglecting the calculation of tree production prices.

This phenomenon that occurs in farmer ponds is considered unusual from an accounting point of view. Determining an appropriate production price tree requires a method that details all cost elements incurred when carrying out production activities (3). Determining the price of tree production is known using two methods, namely full *costing* and *variable costing. Full cost* refers to the price factor that, without taking into account the behavior of the inputs, computes all production expenses, including labor, raw material, and factory overhead costs. Meanwhile, determining *variable costs* for production tree pricing only calculates *applicable production variable costs* , namely raw material costs, direct labor costs and factory *variable overhead costs* . Determining the correct production price tree can produce reliable information both for determining product selling prices and for calculating profits and losses resulting from them.

Finance company reports can be a useful tool in making economic decisions because they provide data on the health, performance and evolution of the company's financial status (4). Business actors who do not apply tree production price calculations according to applicable regulations often assume that the most important aspect in running a successful business is making a profit (even though this has not actually resulted in a net profit). As one example, the milkfish pond cultivation in Padeg Village does not yet have correct and proper financial reports. The behavior of costs imposed by business actors who only record all income as operational income and expenses as expenses so that as a result the cost calculation (production price tree) becomes less precise and accurate. Pond farmers only know whether they get profits from the sale of used milkfish to continue their business, then save the income for non-business purposes.

The phenomenon of unattractive fish sales prices is not only happening in Indonesia, specifically in Paciran, Lamongan, but is also happening in the United States. In the US, governance procedures are also considered to be an additional component that directly affects fishermen, who when coupled with unfavorable weather patterns, can forecast sharp price increases and have an effect on the welfare of fishermen as a whole (5). The economic impact of fluctuations in anchovy catches in Gyeong Nam Province, South Korea due to warming sea water which takes into account the impact on determining the selling price of anchovies (6). Fishing vulnerabilities such as weather conditions, size, fishing areas, availability of alternative fish, changes in seaweed in California also determine the selling price of fish (7). Policy changes primarily related to the deregulation of commercial fishing led to a decline in economic opportunities for fishermen in Mexico and had long-term implications for the health and well-being of fishermen in this base in the form of new financial transactions there (8). Determination

of fish selling prices is also based on fishermen's satisfaction with participation in the Taiwanese fishermen's *self-management organization (FSGO), Donggang. The Sakuraebi Production and Management Group* (DGSPMG) has strengthened its production and sales systems and utilized sustainable fishery resources through various initiatives including sales promotions, crisis management, and funding (9).

It is evident from the previous statement that the price of production trees influences the selling price. If the selling price is set below the tree production price, you will experience a loss, and conversely, if the tree selling price is set above the tree production price, you will experience a profit. Therefore, determining the minimum selling price of a good or service makes production costs an even point. However, the determination of the selling price for milkfish by pond I farmers in Padeg Village ignores existing production aspects. Determining prices using this method means that fish prices are often unstable and vary throughout each period. So the existing method will certainly affect the income of milkfish pond farmers.

The outcomes of earlier research are supported by this study, that determining the selling price of fish does not have its own guidelines but uses its own unique characteristics in determining the selling price according to existing conditions. *Cost* theory states that costs are sacrifices made to obtain energy resources (10). The sacrifices referred to here are in the form of money, goods, energy, thoughts, time, opportunities and so on, so that in determining the price of tree production it is necessary to use the *full costing method* by calculating all existing costs. The renewal of this study lies in determining the price of tree production using a phenomenological approach. Different from previous research (Sorensen, 2022; Seung, 2021; Chen, 2015; Wright, 2022; and Lu, 2020) because this research uses phenomenology. This provides a novel perspective for accounting study by demonstrating the active participation of pond farmers in establishing the price of tree output in the Padeg Village no leave tradition area. Strengthening cost theory is the theoretical contribution of this research. Practical contributions can provide a platform for pond farmers in determining the price of tree production using the *full costing method* which calculates the total costs so as to produce precise and accurate financial reports. Therefore, to be able to understand this phenomenon, the author is interested in conducting research on milkfish pond farmers with the title " Accounting Practices for Milkfish Pond Cultivation Based on Determining the Cost of Production **".**

2 Literature Review and Hypothesis Development

2.1 Cost Definition

Expenditure activities in a business are called costs. Cost is one of the important keys in the business world in the form of value that must be spent to achieve something the company wants. Costs are the sacrifice of economic resources, measured in units of money, to obtain goods or services that are expected to provide current or future benefits. Costs are also defined as sacrifices that can be incurred now or in the future. In business, every expense incurred is called a cost. Costs are the main component in the business world in the form of value that must be spent to achieve what is desired, namely where in the future it will produce a larger amount than the nominal amount previously spent, costs have benefits that are not immediately felt at that time. at that time . According to Lanen (2017) the parts in using cost data for managers include costs for decision making and costs for control and evaluation.

2.2 Cost Classification

Cost classification is the process of systematically grouping all cost elements into certain groups to be able to provide complete cost information for company leaders in managing and presenting their functions. According to Lanen (2017) the classification of costs can be classified into five groups, namely as follows:

1. Classification of costs by expenditure object.
2. The classification of costs according to the main function in the company includes production costs, namely all costs related to the production function or activities of processing raw materials into finished products.
3. Classification of costs according to the relationship between costs and the thing being financed.
4. Classification of costs according to their behavior in relation to changes in the volume of activity.
5. Classification of costs is based on their useful life, there are capital expenditures and revenue expenses.

2.3 Understanding Cost of Goods Production

Production costs are the total sacrifice of economic resources to produce products or process raw materials into finished products. Cost of goods manufactured is the total cost of goods produced that have been completed and transferred to finished goods inventory during a period. The elements in determining the cost of production include the following:

1. Raw material costs
   Raw material costs are the costs of all materials that will ultimately become part of the cost object (goods in process and then finished goods) and can be traced to the cost object in an economical way. Raw materials are materials used to make finished products, raw materials can be identified in the product and are an inseparable part of the product.
2. Direct labor costs
   Direct labor costs or wages are costs paid to direct labor. Direct labor in question is labor (labor) who is directly involved in the process of obtaining raw materials into finished goods. Direct labor costs are labor used in converting or converting raw materials into finished products and can be traced directly to the finished product.
3. Factory Overhead Costs
   Factory overhead costs (indirect production costs) are all production costs that are tied to a cost object but can be traced to that cost object in an economical way. Factory overhead costs are costs incurred in the production process other than those that include the costs of raw materials and direct labor.

2.4 Method of Applying Cost of Goods Production

The way to determine the cost of production is to calculate all cost elements in the production price. In calculating the cost elements of the cost of production, there are two approaches, namely the full costing method and variable costing. The full costing method is a method for determining the cost of production which takes into account all elements of production costs into production costs consisting of raw material costs, direct labor costs and factory overhead costs, both variable and fixed. The calculation for the full costing method is as follows:

Raw materials cost	Rp. XXXXXX

Direct labor costs	Rp. XXXXXX
Fixed factory overhead costs	Rp. XXXXXX
Variable factory overhead costs	Rp. XXXXXX
Production costs	Rp. XXXXXX

The variable costing approach, sometimes referred to as direct costing, is a way of estimating the cost price that only accounts for variable production costs when computing the cost of production. This method just includes variable expenses in production costs rather than all costs. The variable cost method calculation is as follows:

Raw materials cost	Rp. XXXXXX
Variable labor costs	Rp. XXXXXX
Variable factory overhead costs	Rp. XXXXXX
The base price of the product	is IDR xxxxxx

3. Research methods

Qualitative research is the methodological approach employed in this study. The goal of the qualitative research mentioned in (11) is to shed light on the experiences of the subjects under investigation. Qualitative research is to investigate and elucidate the significance that various individuals or groups of individuals attribute to social or humanitarian issues (12). (13) went on to say that qualitative research was justified as a need for investigation. Can use a personal researcher as a major instrument to gather data from a "natural" backdrop and describe conditions generally and in accordance with a contextual or holistic background or scenario. The research character is descriptive. and favors applying analysis using an inductive methodology. The focus is more on the subject's perspective and methods. Aside from that, the research paper highlights natural features and is written as an imaginative and thorough account.

Phenomenology is used in this teaching methodology. One method utilized in qualitative research involving individual research subjects is the phenomenology approach (14). The knowledge that arises from consciousness and characterizes what is felt from awareness of one's direct experience is referred to as the phenomenological approach (15). The research will involve pond farmers in Padeg Village, Cerme District, Gresik Regency, at one of the milkfish ponds. This study used both primary and secondary data sources to gather its data. Direct information from informants is referred to as primary data. Secondary data, on the other hand, comes from records pertaining to conversations, literacy, and other forms of assistance.

Purposive sampling was the method employed in this study for selecting informants. A predetermined number of samples will be chosen by the sampling technique and evaluated in accordance with the goals of the study or issues within the community. Next, research informants are chosen based on the requirements and goals of the study. Individuals that fit specific responsibilities, have experience in line with research, and are readily available are all potential informants. Subsequently, the first approach to data analysis is used, which entails examining the data, developing themes, talking about the themes discovered, and then gathering the initial stages.

Participant observation, also known as observation (participant observation), is necessary to identify the research subject in order to make the informant, also known as research subject No.,

the research object. In order to collect data for this study, observation, interviews, and documentation approaches were used. Reducing data, presenting data, and confirming that it operates consistently and sustainably are the three stages that must be completed in data analysis (16). This study's data analysis employed an ethnographic methodology. One tactic used to scare researchers about the veracity of data or information in qualitative research is data validity checking exercises.

Determining the degree of reliability of research findings is a crucial procedure that involves testing the validity of qualitative research. Because interviews, documentation, and observation were utilized in the data gathering process, the author decided to employ triangulation approaches in this study. Utilizing triangulation techniques during the data collection process will yield more consistent results, making the data valid and enabling the justification of this research. using interviews, direct observation, and indirect observation in a triangulation method. A method of inspection known as triangulation makes use of already-existing data to enable comparison or verification with additional data sources. The analysis method employed by the researchers in this study will contrast observational data with the outcomes of interviews as well as local circumstances.

4. Results and Discussion

Humans as individuals are never free from their nature because as social creatures they always interact with other individuals. This interaction is both interaction between individuals, individuals and groups and interactions between groups and groups. It is the interactions between various aspects of life that we often experience in everyday life that will form a pattern of reciprocal relationships that influence each other. Likewise, the lives of North Coast fishermen are also inseparable from the influence of reciprocal social interactions. As evidenced by the following interview sample, the relationships and communication between contractors and pond farmers in deciding the selling price of milkfish products are only one example of how the interactions in it have a significant impact on various elements of their social lives:

Q : “Sir, did Pripun Carane's grandmother determine the price of Niki milkfish?

Q : "Yes, the main thing is to follow the market price offered by the supplier, right? If only the price offered was at our expense, yes, agree on that price so that this kit also gets a profit, sis."

Q : "Then if the price is below or if we make a profit, we'll print it, sir?"

Q : “Yes, we can negotiate the missed time so that the price can be increased. But if it's difficult, we'll look for another contractor."

Q : "So the profit can be a lot or a little. It depends on the supplier's purchase price. How much does it contain, sir?"

T : "Yes, please be smart - be a smart supplier of used goods and be able to negotiate"

Q : "Usually the profit can be around how much, sir?"

T : "Yes, every harvest you get 10 million, sis."

P : "Luckily you got 10 million net, sir? Or what?"

Q : "I don't know, sis, is this considered clean or not? The point is that the capital is returned and there is an excess that we consider a profit from every harvest, sis."

Q : "What do the fees usually cost, sir?"

Q : "Buy the seeds for IDR 12,000 - IDR 20,000, then buy feed for 1 harvest, around 2m, then pay the wholesale price for the excavated land around IDR 7 million, buy the fertilizer/fertilizer IDR 2.5 million and pay the wholesale price at harvest around IDR 2 million. "The total cost of one harvest is around 13,500,000, we get money from wholesalers around 20-25 million, bro,"

Q : "How much did it cost, sir?"

Q : "Yes, we only consider the operational expenses that we have overlooked, we don't think about the others. Because we feel that the capital has been returned and there is still sufficient profit."

Q : "So for this No. there is a calculation process in accordance with financial standards, sir, in determining the selling price of milkfish?"

Q : "No sis, yes, that's just a calculation."

Based on the results of the interview, the researcher was able to collect documents. This document data is a calculation of the price of milkfish production trees according to Milkfish Pond Cultivation in Padeg Village which was processed by the researcher. _

Table 1. Determination of Cost of Goods Production According to Milkfish Farms in Padeg Village

NO.	Information	Need	Cost	Amount
1.	**Raw Material Costs**			
	Fish Seeds (@4000 per rean)	3 Rean	IDR 4,000,-	IDR 12,000,-
	Feeding	30 kg	IDR 215,000,-	IDR 2,000,000,-
	Mess/Fertilizer	6 bags	IDR 2,500,000,-	IDR 2,500,000,-
2.	Labor costs _			
	Soil Excavation Wholesale	Wholesaler	IDR 7,000,000,-	IDR 7,000,000,-
	Wholesale Fish Harvest	Wholesaler	IDR 2,000,000,-	IDR 2,000,000,-
3.	Overhead Costs	-	-	-
	TOTAL			**IDR 13,500,000,-**

In light of the theoretical justification for estimating the cost of tree production, Padeg Village's Milkfish Pond continues to defy appropriate accounting theory. This is because in calculating production costs all costs incurred for the use of production and product production must take everything into account because the purpose of calculating all production costs is to carry out future planning and measurements in determining the correct selling price and determining the inventory value of the product itself.

Determining the price of production trees is carried out at the Milkfish Pond in Padeg Village , which is currently operating and pounding. Not yet detailing all the costs incurred in the production process. In determining production costs, only take into account recognized costs including basic necessities, salaries, fertilizer and harvest costs. Padeg Milkfish Farm calculates production costs by adding all these costs. According to the findings of the study done by researchers to figure out how much it costs to produce trees, a lot of expenses were either not computed or were not taken into account. If we look at the full costing and variable costing methods for factory overhead costs, some costs are said to have a fixed behavior and some are said to have a variable behavior.

The error of the Milkfish Farm in Padeg Village in determining the price of tree production is that there are other costs which are incurred as costs or in other words economic resources which are sacrificed. However, they are not internalized thoroughly in calculating the price of tree production even though according to theory they are related to determining the price of tree production, namely all sacrifices of economic resources to produce products or process raw materials into finished products or the collection of production costs consisting of raw material costs, direct labor and factory overhead costs must all be known , allocated and accounted for clearly and thoroughly.

The whole costing method is the approach that should be used in this business to determine the production price tree. This method uses a full costing approach, which accounts for all cost components in the production tree price, including variable and well-behaveing factory overhead expenses, charges for raw materials, and direct labor costs. It is anticipated that this approach will yield more accurate information and specific tree production pricing with respect to the cost of producing milkfish trees in Padeg village's milkfish ponds.

5. Conclusion

With regard to Milkfish Pond Cultivation in Padeg Village, Cerme District, Gresik Regency, accounting procedures used to determine tree production costs are the focus of this study. In estimating the cost of producing trees, this study can also ascertain whether the expenses incurred have been fairly distributed and fully internalized. The author is able to make some intriguing deductions based on the examination of the study's findings, specifically:

First, this effort still involves determining and calculating in a very simple way. The calculated costs do not include all costs incurred, for example factory overhead costs which are still not charged and costs which are variable are only partially charged so there are still many costs that have not been taken into account in the production process.

Second, there are errors in terms of costs related to determining the price of production trees that have not been completely internalized in calculating the price of production trees, such as costs for supporting materials, tax costs, revaluation costs and other costs. The presence of errors

causes the presentation of tree production prices to be inaccurate and does not reflect the actual situation.

Third, in determining the price of tree production, the right price tree production method has not been used because the classification is still not correct. The production tree pricing method should be used to determine the cost of production trees. This method uses the full costing approach, which accounts for all production costs up to the cost of production, which includes labor, raw materials, and fixed and variable factory overhead costs.

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