



THE IMPLEMENTATION OF DISCRETIONARY FIXED COSTS FOR TEXTILE WASTE CRAFTSMAN

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ABSTRAK

Persaingan dunia bisnis menjadi hal yang menarik untuk selalu dicermati. Merebaknya pelaku usaha mikro kecil dan menengah (UMKM) yang semakin pesat menyebabkan tingginya angka persaingan. Kegiatan pengabdian ini bertujuan untuk memberikan pemahaman terkait perhitungan discretionary fixed cost agar produsen mampu memperhitungkan tingkat laba yang diinginkan. Kemampuan pelaku UMKM dalam hal ini akan sangat bermanfaat bagi perkembangan usahanya. Sasaran kegiatan pengabdian ini adalah pengrajin limbah tekstil yang berada di Desa Menguneng, Pekalongan. Kegiatan dilakukan dengan metode ceramah dan praktik perhitungan. Kegiatan dimulai dengan koordinasi awal bersama mitra untuk penentuan waktu pelaksanaan dan peralatan. Selanjutnya, dilakukan pelatihan metode ceramah dan tanya jawab serta praktik perhitungan. Terakhir, monitoring dan evaluasi dilakukan secara berkala. Hasil program menunjukkan bahwa pengrajin telah paham akan pentingnya perhitungan discretionary fixed cost pada UMKM. Lebih lanjut, pengrajin telah mampu menghitung harga jual produk sesuai dengan target laba. Selanjutnya, diharapkan adanya sinergi positif antara pemerintah dan pengrajin UMKM dalam upaya meningkatkan pemasaran produk.

ABSTRACT

Competition in the business world is an interesting thing to always observe. The rapid spread of micro, small, and medium enterprises (MSMEs) has led to high levels of competition. This service activity aims to provide an understanding regarding the calculation of discretionary fixed costs so that producers can calculate the desired profit level. The ability of MSME actors in this matter will be very beneficial for the development of their business. The target of this service activity is textile waste craftsmen who are in Menguneng Village, Pekalongan. Activities were carried out with the lecture method and practice calculations. Activities begin with initial coordination with partners to determine implementation time and equipment. Next, training was carried out in lectures and question and answer methods as well as calculation practice. Finally, monitoring and evaluation is carried out periodically. The results of the program show that the craftsmen understand the importance of calculating discretionary fixed costs for MSMEs. Furthermore, the craftsmen have been able to calculate the selling price of the product according to the profit target. Furthermore, it is hoped that there will be a positive synergy between the government and MSME craftsmen to increase product marketing.

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INTRODUCTION

Pekalongan is a city located on the north coast of the Java Sea. This city is known as a city that almost sank because of the high tidal waters that inundated the northern landmass. Apart from that, this region is the center of the growth of textile factories which have been global since the Dutch colonial era. Various textile factories can be found in this city. Easy road access and various port facilities close by also contribute to supporting factory growth. It cannot be denied that the existence of these textile factories has had a significant economic impact on regional governments and society. However, negative environmental impacts also arise due to the proliferation of these factories. The rise of factories is one of the impacts of the industrial revolution (Setianingsih, 2023). The industrial revolution did have a good impact on the development of civilization, but it harmed environmental sustainability. The widespread development of the fashion industry has also contributed to environmental damage (Nugraheni et al., 2022). Some of these negative impacts include textile factory liquid waste which has the potential to pollute groundwater (Wijaya et al., 2022). Moreover, textile liquid waste is the biggest contributing factor to river pollution in Indonesia (Kristiani et al., 2022). Furthermore, the amount of textile solid waste is piling up and is not being utilized optimally. Second, water pollution where every rainy season red water floods parts of Pekalongan city. Third, air pollution is increasing in this region.

Some of the textile waste has been utilized by the community. A brilliant idea from the community has turned textile waste into goods of economic value. Changes in textile waste include

drawstring trousers, patchwork clothes, curtains, coasters, and so on. However, the lack of public knowledge means these goods are sold at irrational prices. The majority of textile waste craftsmen are housewives or do not have high education. Therefore. The ability to sell products is still based on momentary feelings or what is important is that there is money circulating.

One example is the craftsmen in the Menguneng Village area, which is the border of the Batang and Pekalongan regions. This village is very strategic for textile trucks to pass through because the area is close to the toll gate and the main North Pantura road. Craftsmen in this region are not yet aware of the importance of calculating discretionary fixed costs. Craftsmen tend to produce shorts from textile waste and sell them at estimated prices. The price calculation is based on what is important to sell but does not take into account the total costs and desired profit.

Cost efficiency to increase MSME profits is very important. Costs in MSMEs are one of the important factors that influence business success (Pierobon, 2019). This is because costs can affect the profits generated by MSME business actors. In managing a business, MSME players need to consider cost-determining factors such as raw materials, working capital, employees and salaries, production costs, human resources, and other factors that can influence costs. Recording production costs are also an important factor that MSME players need to pay attention to. In calculating production costs, MSME players need to pay attention to all costs incurred in the production process, including the costs of raw materials, labor, and others. Apart from that, appropriate cost management strategies can also help MSMEs improve cost efficiency and increase

profits (Games and Desriyanti, 2022). Implementing cost-efficiency strategies can be done by identifying sources of waste and finding solutions to reduce unnecessary costs. Increasing cost efficiency can also be achieved through the use of appropriate technology, such as financial management applications and computerized programs that can help business actors optimize costs. By managing costs effectively and efficiently, MSMEs can improve their business capabilities (Nazarenko and Yalian, 2020) and increase their competitive advantage in the market. Therefore, MSME players need to understand the meaning of costs, the factors that determine costs, and appropriate cost management strategies so that they can have a positive impact on their business (Wulandari and Parameswara, 2020). Apart from that, MSME players also need to consider unavoidable factors such as market price fluctuations and government regulations which can affect their business costs. Because costs are one of the key factors in the success of MSME businesses, business actors need to understand and manage them. costs effectively to increase profits and business success (Grujic, 2019).

Based on these conditions, the service team carried out outreach to understand the identification of discretionary fixed costs and how to calculate them in the business of making trousers from textile waste.

METHOD

This activity was carried out in Menguneng Village, Batang district, which is directly adjacent to the main Pekalongan access road. The participants in the activity are workers in the fabric crafts sector with total 10 people. In this activity,

the service team combined two methods, namely theory and practice.

1. In the first stage, preparation stage. The service team coordinates both internally and externally.
2. The second stage is the implementation stage. The increasing understanding regarding the importance of discretionary fixed costs in business. The team assists in calculating discretionary fixed costs according to the desired profit.
3. Finally, the monitoring stage. The service team provides monitoring and evaluation of the implementation of activities. Partners are allowed to consult regarding difficulties encountered during implementation.

This community service activity was carried out by three lecturers majoring in accounting, 1 education staff and 3 students majoring in accounting, at the Faculty of Economics and Business, Universitas Negeri Semarang.

RESULTS AND DISCUSSIONS

Community service activities run very conductively. The distance between the craftsmen and the service team is not a problem. There are three stages in this program, namely the preparation stage, implementation stage, and mentoring stage.

A. Preparation Stages

Initially, the service team coordinated internally and externally. Internal coordination is carried out by fellow service team members. This is to equalize opinions and harmonize views. Apart from that, the team divides tasks related to implementation at the destination location. Second, external coordination is carried out

between the team and partners. Before carrying out the activity, team representatives met with craftsmen at the location. This meeting discussed the origins of the problems they face, starting from the large amount of textile waste and not all of it being processed, to the lack of understanding of cost calculations in producing a product.



Figure 1. Internal Team Coordination

In Figure 1, the service team discusses the appropriate model for delivering material. Next, the team also prepared cost calculation questions that were easy for the participants to apply.



Figure 2. The Coordination Between Internal and Partner

Figure 2 shows the team coordinating directly with partners regarding implementation. The service team shows friendliness and modesty as a symbol

B. Implementation Stages

Next, is the awareness stage. At this stage, our service team meets face-to-face with the craftsmen. We also explain the importance of knowledge regarding discretionary fixed costs. The team provides scientific analogies that are easy for craftsmen to understand. This knowledge is very important for craftsmen. This is because the sewing results of artisan trousers are better than machine stitching. Trousers with seams are stronger than trousers with cuts. In line with (Yuliana et al., 2022) who believe that stitching results are stronger than crocheting results. Apart from that, the pattern of the trousers is unique, meaning that the production of each pair of trousers and other trousers does not have the same motif and model. This is due to the use of a val fabric which is not cut the same from the factory. This uniqueness makes artisan trousers not easy to find on the market.



Figure 3. Team gives explanation

Figure 3 shows the team providing a detailed explanation to the participants who did not understand the material. Meanwhile, Figure 4 shows the team answering questions from

participants who still seemed confused regarding cost calculations.



Figure 4. Team Responds to Craftsman Questions

C. Stages of Mentoring

This mentoring stage includes practical activities, where the team and craftsmen write down real calculations on paper regarding discretionary fixed costs. To make it easier to understand, the team also makes an analogy of discretionary fixed costs with the total costs that craftsmen spend to make one pair of trousers from textile waste. With this method, craftsmen understand what discretionary fixed costs are. Based on calculations, it shows that to make a profit of IDR 2,000 per pair of trousers, the craftsman must sell at a minimum price of IDR 10,000. This condition also assumes that no land or shop rental costs must be incurred. At this practice stage, the team also invited partners to use the application if they were confused about calculating. Calculation applications can be easily found on mobile phones. Calculation assistance with the application provides speed in calculations so that craftsmen do not need to spend time calculating manually.



Figure 5. Mentoring Session

In Figure 5, the service team monitors the activities of the craftsmen, including the implementation of cost calculations. Furthermore, Figure 6 shows that the team also provides monitoring of cost calculations using the application. Using this application can save costs for craftsmen.



Figure 6. Calculation Practice with Mobile Applications

During the implementation of this activity, the service team did not encounter any significant obstacles. It's just that the service team must be willing to travel tens of kilometers without staying overnight. However, the entire service team felt satisfied and happy because they had successfully carried out the knowledge transfer. It is hoped that this knowledge transfer will be able to provide a

separate understanding for craftsmen and increase their knowledge when running a business.

The output of this program can be seen by increasing the ability of craftsmen to determine the selling price of their products under the discretionary fixed cost principle. For products sold at home and buyers come directly to the production house, the price is IDR 10,000. Meanwhile, sales using the online platform are priced at IDR 15,000. This price difference is due to profit sharing requested by the online platform. Therefore, craftsmen carry out different discretionary fixed-cost calculations.

Correct discretionary fixed-cost calculations can help MSMEs optimize their costs and increase business profitability (Grima et al., 2019). This is because discretionary fixed costs are a type of cost that can be reduced or eliminated flexibly without affecting core business operations. Changes in market demand or business conditions can trigger MSME entrepreneurs to adjust discretionary fixed costs so as not to experience losses.

Table 1. Achievement of Community Service Outcomes

	Before	After
Information		
Theoretical Aspects	Craftsmen don't know the definition of discretionary fixed cost	Craftsmen understand the definition of discretionary fixed cost within the scope of their business.
Practical Aspects	Craftsmen have not been able to calculate the	1. Craftsmen can calculate selling prices without

selling price under discretionary fixed costs and desired profits shops based on discretionary fixed costs and desired profits. 2. Furthermore, craftsmen are also able to calculate selling prices for online shops under discretionary fixed costs and profit targets from the relevant platforms

Table 1. shows the training participants have benefited in two ways. Firstly, the theoretical aspect shows that the participants already know what discretionary fixed costs are according to their business.

Second, the practical aspect shows that the participants have been able to calculate the costs of their business. Furthermore, participants already know how to reduce costs with online applications

CONCLUSION

This program is very important for micro, small, and medium enterprises (MSMEs). The transfer of knowledge from the world of education to business actors must continue to be encouraged. Activities to raise awareness of business actors'

understanding of discretionary fixed costs are solely aimed at improving the performance of craftsmen in obtaining their dream profit. This is because many MSME players run their business based on the basic principle so that their business is unable to compete with other foreign products.

Based on the existing conditions, several suggestions can be implemented by all parties. The government should care more about MSMEs. This concern can take the form of financial assistance or knowledge like this. The government must reach out to remote areas and to micro and small business actors who have not yet been registered with the department. Furthermore, society in general should love domestic products more and buy products from MSMEs. This is very important for economic stability in a big way. Producers/UMKM players should be more active in increasing their potential through various media. Apart from that, MSEs should play an active role in seeking information that can improve the quality and quantity of product sales. The service team always continues to strive to share knowledge in various aspects for the progress of MSMEs.

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