



Cost object determination training to support Go-Barber business innovation in Malang City

Pelatihan penentuan obyek biaya untuk mendukung inovasi usaha Go-Barber di Kota Malang

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

Department of Accounting, Faculty of Economics and Business, Ma Chung University
Villa Puncak Tidar N-01, Malang, 65151, Indonesia

ARTICLE INFO:

Received: 2022-01-26
Revised: 2022-04-24
Accepted: 2022-07-03

Keywords:

Cost object, Variable cost, Go-Barber, Innovation

ABSTRACT

In order to save small business owners, accounting is one of the spearheads that plays a role in maintaining cost efficiency so that service prices can still compete with similar businesses, reducing waste (improvident). Innovation from permanent barber to Go-Barber is should be accompanied by a change in the method of determining the cost object in determining activity cost rates, with additional considerations for measuring services that generally have to pay attention to distance to customers, so that it has an impact on the emergence of variable costs as a basis determine the price of the service. The circle method is considered the right method because it is based on the characteristics of innovation that efforts to innovate will certainly not stop at a certain point, but will continue to evaluate and innovate in response to developments in the business environment. Measurement of the cost object is needed to determine the price of the service based on the basic tariff which will be multiplied by the activity. Identification of the right cost object will provide accuracy in determining the Cost of Goods Sold (COGS) which is of course a method in determining the price of services. Based on the results of training from business actors carried out by instructors/presenters, that participants understand enough about how to identify and analyze activity costs to determine the selling price of Go-Barber services where previously there was no calculation method applied by Go-Barber.

©2022 Abdimas: Jurnal Pengabdian Masyarakat Universitas Merdeka Malang
This is an open access article distributed under the CC BY-SA 4.0 license
(<https://creativecommons.org/licenses/by-sa/4.0/>)

How to cite: Lembut, P. I., Oktariani, F., & Yuswanto, Y. (2022). Cost object determination training to support Go-Barber business innovation in Malang City. *Abdimas: Jurnal Pengabdian Masyarakat Universitas Merdeka Malang*, 7(3), 621-633. <https://doi.org/10.26905/abdimas.v7i3.7370>

1. INTRODUCTION

Malang as an education city with approximately 50 universities, both public and private, contributes to the economic development of the community and at the same time makes Malang City a very potential market for Micro, Small and Medium Enterprises (MSMEs). Not limited to culinary, fashion products, scientific reference books and stationery that can be provided by SMEs, but also other services, such as

barber shops also have great potential to live and develop. This is because Malang has 3 main areas of economic development (three core areas of economic development), namely education, manufacturing, and services.

The MSME has a strategic role in creating both jobs and encouraging new businesses (start-up businesses). Therefore, it is undeniable that maintaining sustainability of MSMEs is a major issue in the field of world economic development, this is because MSMEs are also a driving force in increasing the gross domestic product (GDP) in a country. However, as pointed out by Kot (2018), that several studies show that the sustainability and resilience of MSMEs is continuously at risk. This is because there are still many obstacles faced by most business actors, such as lack of capital, skills, and limited technology, which actually creates poor competitiveness. (Maksum, Sri Rahayu, & Kusumawardhani, 2020).

Therefore, business sustainability is determined by the ability of MSME themselves to maintain a continuous innovation process as a core factor towards successful long-term business performance. Innovation can be defined as the efforts business entities to create economic value for customers by positively increasing the gap between the value received or perceived by customers and the economic costs incurred by the business entity. So that by creating a positive gap, business actors can create greater economic value than their marginal competitors in the market. Finally, entrepreneurs will have a competitive advantage when innovation is able to become a source of competitive advantage (Hamdani & Wirawan, 2012).

The innovation process is intended to achieve the expected results, such as increasing the competitiveness of a business entity, which implies an increasing demand of credible and timely information in a business process. That is, in context, the development of an adequate costing system is very important as a means of innovation. In addition, proper management of resources and proper cost control are also required to achieve efficient and effective management. (Quesado & Silva, 2021).

Alkhajeh dan Khalid (2018) argues that management accounting practices have an impact on the performance of MSMEs, which can lead to increasing productivity. According to Maziriri and Mapuranga (2017), it is proven that various MSMEs in South Africa that practice management accounting properly will have good implications for costing, budgeting, performance evaluation to strategic analysis for business decision making. Using the Spearman's rank of the correlation coefficient, it stated that there is an associative relationship between management accounting practices and MSME performance. The test results show that there is a significant positive relationship between costing, budgeting and performance measurement techniques to increase operating profit. On the other hand, a significantly weaker positive relationship was found between the use of management accounting techniques on decision making for increasing operating profit. In conclusion, it provides an explanation that there is a positive relationship between management accounting practices and the performance of MSMEs represented by operating profits.

Furthermore, Msomi, Ngibe, & Bingwa (2020) identified that although MSME actors are currently very aware of the strategic impact and benefits of integrating management accounting practices in their business processes as an innovative strategy to achieve sustainability. In general, because of the economic challenges associated with how to integrate their business strategies into more automated (digitalized) management accounting, MSMEs basically prefer traditional management accounting which identifies cost information for efficiency purposes. However, modern automated accounting practices strongly support the achievement of innovation goals more efficiently.

Accounting cost provides key information for managers (business owners) to plan and control in order to achieve the success of organizational goals (Horngren, 2012). Activity Based Cost Method is a modern cost accounting as well as a contemporary management accounting system that focuses on

Cost object determination training to support Go-Barber business innovation in Malang City

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

measuring activity-based cost objects, assigning costs, to creating value for customers. (Krumwiede & Roth, 1997). Information about activities that give rise to costs may be referred to as “cost objects”. The cost object is needed by business actors to determine the selling price of services and profit targets as well as the basis for determining strategies and adjusting business processes based on environmental changes. The ability of business actors to consider and determine irrelevant activities is a “waste” of cost and time and even has an impact on diverting attention to things (activities) that can actually lead to “financial difficulties”. (Geiger & Ittner, 1996).

Cost classification according to (Horngren et al., 2009:54) is divided into direct costs and indirect costs. Direct costs are associated with a specific cost object and can be traced to the cost object in an economically feasible and relevant way (cost efficiency). Cost tracing is performed to assign costs directly to a specific cost object. Indirect costs are associated with a specific cost object but cannot be traced to that cost object. The assignment of indirect costs to cost objects can be demonstrated by performing cost allocations.

Likewise, regarding the allocation of costs in the Go-Barber business, it can also be classified into direct costs and indirect costs, so it is expected to provide a guarantee for the survival and growth of the relatively new Go-Barber business. This means that innovation from traditional barber to modern barber (Go-Barber) must also occur in parallel along with changes in cost-related accounting methods, from traditional accounting to modern activity-based accounting.

The issue of the risk of susceptibility to MSME business continuity was also broadly seen at the time before the Covid-19 pandemic occurred, various MSMEs became economic drivers. This is shown in 2019, MSMEs in Indonesia turned out to be a very important economic backbone. The structure of the Indonesian economy shows that around 99% of the company’s profile consists of the MSME sector. This sector also absorbs about 97% of the total workforce in the economic sector (Hidayati & Rachman, 2021). However, after the Covid-19 pandemic which had a negative impact on economic growth in all countries in the world, with a global economic loss of 12 trillion US dollars or the equivalent of 168,000 trillion in Indonesian Rupiahs. Not a few MSMEs are not able to maintain their business continuity due to economic pressures. As shown in table 1, of the total MSME entrepreneurs in Indonesia, there are 65,465,497 entrepreneurs (Hidayat et al., 2021), There are at least four impacted factors that affect the performance of MSMEs in Indonesia as shown in Table 1.

Table 1. The Impact of the Covid-19 Pandemic on MSMEs in Indonesia

Affected Factor	Number of Affected MSMEs	Percentage (%)	Number of Unaffected MSMEs	Percentage (%)	Total Percentage (%) MSMEs
Sales drop	36.660.678	56	28.804.819	44	100
Capital difficulties	14.402.409	22	51.063.088	78	100
Constraints on product distribution to the market	9.819.824	15	55.645.673	85	100
Difficulty in getting raw materials in the market	2.618.619	4	62.846.878	96	100

This makes MSMEs “forced” to adapt by making innovations by utilizing information technology facilities in order to be able to face the demands of an increasingly modern environment. It can be exemplified related to the barber shop business, for example if consumers want to get a haircut at a

barber shop, then they will go to the barber shop place/location first in order to get haircut services. However, with the development of information technology, these lifestyles are rapidly changing, so that currently many people want the services of a hair stylist so that they can be obtained at the consumer's residence. Of course, by taking advantage of advances in information technology, which can get contacts from barbers and contact them more easily through applications on social media. The change from the type of haircut service that used to be in the studio to the type of service that can be obtained without the consumer having to travel (the barber who will come to the customer's residence) is called "Go-Barber".

This type of Go-Barber service does indeed answer the challenges of the times in terms of information technology. But it turns out that it also creates other problems in determining the price of haircut services which are often not easy to determine. This is because if the pricing is too high, then customers can choose other Go-Barbers (competitors) with more affordable prices with the same facilities. This means that price determination will be an important calculation for Go-Barber to be able to determine standard prices, both for consumers and for Go-Barber itself. In addition, the determination of service prices can also be used as a benchmark for Go-Barber to determine profits that can be used to develop service models for consumers. This is where accounting has an important role to support innovation by reassessing the cost object for determining the cost of Go-Barber services.

Costing is no longer compatible with the old, passive service model. This means that activities that no longer require a place (permanent buildings) have contributed greatly to changes in costs that will have an impact on service pricing. The problem of determining this cost is considered very serious, because it will be used as a basis in determining the Cost of Goods Sold (COGS) of services charged to consumers. Consequently, if the cost determination is not accurate, the cost will be high which will actually carry the risk of Go-Barber's business losing its customers. On the other hand, if the price charged to the customer is too low, then the Go-Barber business actor will actually suffer a loss, so they cannot maintain their business in the future, which results in this innovation not providing economic benefits to the Go-Barber business actor.

Based on a survey that has been carried out by author to 32 barber shop owners in Greater Malang this time, the main problem faced by partners is that previously, the barber shop business set service prices between Rp. 10,000 to Rp. 150,000, then after switching to Go-Barber, these business owners do not yet understand how to determine the price of a new service which is certainly different from the previous one. To answer partner problems, the focus of training and mentoring is: (1) providing understanding and skills in determining cost target-setting activities, namely tracking various activities that trigger costs, which of course can affect the amount of profit earned (Pavlatos & Kostakis, 2021). Business owners must pay attention to the flow of costs that arise through information on activities that occur, as well as control to achieve cost efficiency, for example by making decisions from various information about these activities whether they provide benefits to customers or not (Ismail, Meutia, & Ummi, 2019), (2) Conversion capability, which is the transformation of the type of activity that occurs into the amount of cost-triggers based on Activity Based Cost (ABC) to be re-charged to the relevant activities, in addition to being a basis for controlling costs, as well as for the formation of COGS (Al-Dhubaibi, 2021).

The general purpose of this service is to open up the limitations of MSMEs, especially when owners are dealing with market pressures due to the Covid-19 phenomenon which requires innovation wherever possible from the old (traditional) way to the modern way. As stated by Ahn, Minshall, & Mortara (2015), that by opening up the limitations of MSMEs, owners will be able to access various resources, for example increasing the assets needed to improve their capacity in carrying out the innovation process to increase the market. Meanwhile, the specific purpose of this service is in addition to providing knowledge to

Go-Barber business actors in identifying various activities when they have to go to consumers (door-to-door), also providing skills to determine the price of new services based on COGS to be charged to consumers. This service also provides benefits for MSME owners, especially for Go-Barber business owners, as follows: (1) Owners have the understanding to observe past activities to measure the costs incurred from the activities they have done, and are able to plan activities related to improving service in the future more efficiently so that the selling price can be estimated in the right way. (2) Barber business actors have skills in calculating or estimating operating profit. (3) Barber business actors are able to not only maintain their business in the midst of the changing business environment due to the pandemic, but are able to compete by continuously innovating based on various service activities to consumers.

2. METHODS

Activity Methods

This training method emphasize the problems that occur and goals that need to be reached by partners. The goal is to give partners knowledge and understanding on how to determine relevant activities in the Go-Barber business so that the selling price of services (COGS) could be set. The circle method is considered the best method because it is based on the characteristics of innovation that efforts to innovate will certainly not stop at a certain point, but will continue to evaluate and innovate in response to developing the business environment. The circle method is described in Figure 1, as follows:

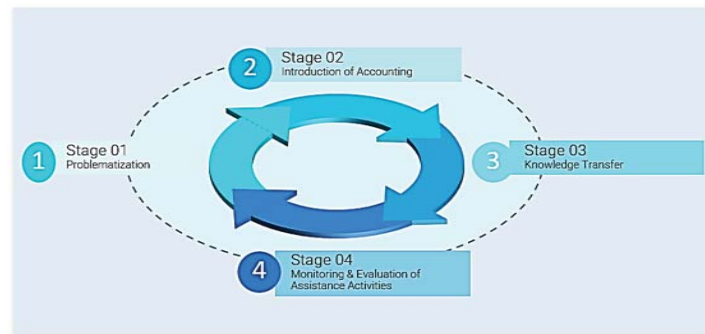


Figure 1. Circle method

Therefore, to achieve the goal, there are 5 stages carried out: (1) Conducting open discussions with barber shop business owners to explore current problems and specific problems regarding service pricing when they have to innovate into Go-Barber. (2) Provide knowledge of the importance of accounting as a basis in determining the selling price. (3) Preparation of a simple accounting information system that reflects Go-Barber's business processes, as well as training in determining and measuring cost objects, compiling COGS based on activities. (4) Conduct pre-test and post-test to evaluate the achievement of mentoring activities based on the circle method. (5) Monitoring and evaluation of activities in the field for future planning.

Schedule

The implementation of the service program for barber shop business actors is divided into two sessions. The first session with the topic of exploring problems and introducing accounting (stages 1

and 2). This session was conducted with a limited face-to-face meeting which was attended by several business actors (20 to 32 people) barber business owners in Malang City. The time is 13.00 – 20.00 (GMT +7) with the consideration that for the morning until noon in general, business actors are running their business. The second session refers to stages 2 and 3 with the subject matter of determining the cost object and the preparation of the COGS along with the profit and loss report on the Sales of Go-Barber Services. The monitoring and evaluation stage is needed to explore various obstacles if in the field implementation adjustments and improvements are needed in accordance with the development of their business environment. The following Table 2 is a summary of the implementation of mentoring:

Table 2. Schedule Details

Sessions	Description	Date
Session 1		
Activities	<ul style="list-style-type: none"> - Pre-test on the role of accounting in the pricing of services and cost-driving activities - Explanation of accounting and its benefits - Explanation of community service programs and their benefits - An explanation of the mentoring program for MSME barber shops in Greater Malang - Introduction of mentors to Go-Barber business owners in Greater Malang 	Monday, 22 February 2021
Goals	<ul style="list-style-type: none"> - Provide understanding to barber shop business owners about the importance of accounting in supporting innovation and maintain business sustainability - Informing the assistance scheme to determining the cost object of barber shop activities towards Go-Barber 	
Session 2		
Activities	<ul style="list-style-type: none"> - Focus Group Discussion (FGD) on field problems for barber shop business owners - Sharing experiences and exploring problems among barber shop business owners - Exploring the need for innovation for barber shop business owners 	Tuesday, 18 May 2021
Goals	<ul style="list-style-type: none"> - Directing the focus of problems to the accounting matters. So that innovations can be made - Tracing barber shop business activities as a basis for determining the cost to go with Go-Barber 	
Session 3		
Activities	<ul style="list-style-type: none"> - Define cost-triggers in Go-Barber activities - Explanation about cost-triggers in Go-Barber activities - Explanation of the pool of activities in Go-Barber - Provide training on recording transactions based on cost-triggering activities in Go-Barber 	Friday, 04 June 2021
Goals	<ul style="list-style-type: none"> - Provide knowledge on the cost-triggers in Go-Barber - Provide knowledge on how to track cost-triggers in Go-Barber - Provide knowledge on pool of activity in Go-Barber activity - Provide skills in recording transactions based on cost-trigger activities in Go-Barber activity 	

Cost object determination training to support Go-Barber business innovation in Malang City

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

Sessions	Description	Date
Session 4		
Activities	<ul style="list-style-type: none"> - Explanation of the design of a cost information system in order to get a description of the cost flow in Go-Barber - Explanation of the measurement of cost rates against cost objects that refers to the cost flow in Go-Barber - Explanation of the cost flow as the basis for determining COGS 	Monday, 05 July 2021
Goals	<ul style="list-style-type: none"> - Provide knowledge of the cost information system design in order to get a description of the cost flow in Go-Barber - Provide knowledge of the measurement of cost rates on cost objects that refer to the cost flow in Go-Barber - Provide skills regarding cost flow identification as the basis for determining the amount of COGS 	
Session 5		
Activities	<ul style="list-style-type: none"> - Post-test in measuring the effectiveness of assistance in determining the cost object - Monitoring the simulation of Go-Barber's business activities - Performing an analysis of the cost of activities that occur based on the simulation - Evaluating findings in the field for improvement or adjustment of activities as a cost driver 	Monday, 08 November 2021
Goals	<ul style="list-style-type: none"> - Provide understanding and skills in determining the amount of the cost object in the context of the transition from a conventional barber shop business to a Go-Barber - Provide assistance for barber shop business owners in their transition to Go-Barber - Monitoring the activities of Go-Barber 	

3. RESULTS AND DISCUSSION

Results

This training activity aims to explore the current problems in the midst of accelerating information technology (digitalization) which requires business owners, especially barber shops, which have been occupying permanent places and are required to be mobile and door-to-door to consumers. Therefore, to support the change in the new way of working, the introduction and understanding of the role of accounting to Go-Barber business owners regarding the benefits of accounting records in determining the selling price of services is a demand that cannot be avoided. Figure 2 shows that business owners carefully follow the material presented by the presenters.

Training in determining and measuring cost objects is the main activity of this community service program. The purpose of third stage is to provide knowledge, understanding and skills for barber shop owners to lead to innovation to become Go-Barbers. The training at this stage is based on observations made by business actors, that planning is often considered a "programmed" job and does not even require routine planning. However, if a phenomenon occurs, for example: changes in the business environment due to technological developments or competitors who are growing rapidly, which require a quick response, then business actors often have difficulty planning and reanalyzing business processes

to anticipate changes in the market environment. As a result, business stagnation occurs and it is not uncommon to experience problems in determining costs due to a lack of ability to analyze activities that can cause costs.



Figure 2. Training program implementation

Fourth stage is carried out with the aim of monitoring the implementation, especially in the transition period from barber shop to Go-Barber. Monitoring results will be used by instructors to evaluate for improvements or adjustments based on developments in business conditions. Changes in Go-Barber activities are possible because of consumer demands so that barber shop business owners can adapt their business services to market needs. Thus, re-planning of the business model to structuring cost activities will also automatically become a necessity.

The training in stages 3 and 4 was carried out in one of the barber community places in Malang. The training was attended by 32 representatives from the barber community and 3 presenters, one of which is shown in Figure 3 below:



Figure 3. Training on tracking costs and recording

DISCUSSION

The main idea in this mentoring and training covers the function of cost accounting, including recording and measuring various cost elements that arise from activities as a source of costs. Through tracing, either directly or indirectly to activities, it will provide information about costs that flow through business processes. Parallel tracking of objects and cost flows is shown in Figure 4, below:

Cost object determination training to support Go-Barber business innovation in Malang City

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

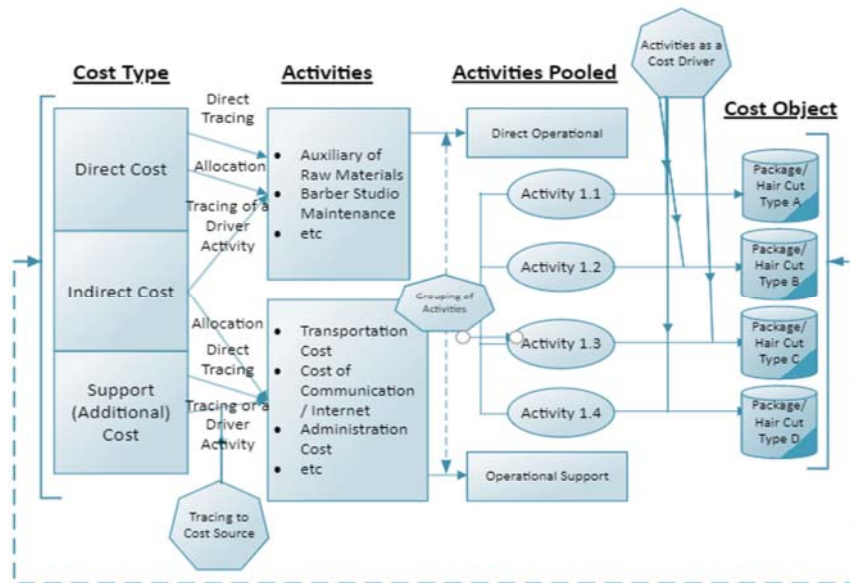


Figure 4. Objects and cost flow

Identification of the right cost object will provide accuracy in determining the COGS which is necessary in determining service prices. However, traditional COGS which focuses on determining the price of raw materials (Indonesian Accountants Association, 2019) and direct costs will find it difficult to determine the price of services. This is because many activities incur costs that are not easy to trace (indirect costs), for example fuel for barber mobility, electricity usage, and communication costs required by barbers, not to mention when referring to the professionalism of the barber, service hours are the main thing to determine the rate.

The following is an example of calculating COGS based on data available in 2021, and assuming the same effect in 2022. Go-Barber predicts costs incurred based on actual activities in 2021:

Raw materials	=	Rp	6,000,000
Transport (fuel)	=	Rp	5,000,000
Barber studio maintenance	=	Rp	2,000,000
Electricity bill	=	Rp	600,000
Water bill	=	Rp	1,200,000
Communication bill (data plan)	=	Rp	2,000,000
Block notes	=	Rp	100,000
Mechanical pens	=	Rp	50,000

Based on these data, overhead costs can be allocated on the basis of supporting raw materials to determine the predetermined overhead rate in 2022:

$$\begin{aligned} \text{Predetermined Overhead Rate} &= \frac{\text{Raw materials} + \text{Barber studio maintenance}}{\text{Raw materials}} \times 100\% \\ &= \frac{\text{Rp}8.000,000}{\text{Rp}5.000,000} \times 100\% = 160\% \end{aligned}$$

In addition, it is also necessary to determine the over/underapplied overhead costs that occurred in the previous year (2021) with the following calculations:

Actual Go-Barber overhead cost	=	Raw materials + Barber studio maintenance	=	Rp8,000,000
Applied overhead cost	=	Raw materials x Predetermined Overhead Rate	=	Rp9,600,000
Over/underapplied overhead cost	=		=	<u>Rp1,600,000</u>

After successfully obtaining over/underapplied overhead cost, then the COGS determination can be calculated by comparing when the service is provided at the hairdressing studio with when the service is mobile, Calculation of COGS determination can be seen in Table 3 to Table 5 below:

Table 3. Determination of COGS (Cost of Goods Sold)

Activities	Barber shop COGS	Go-Barber COGS
Raw materials	Rp6,000,000	Rp6,000,000
Transport (fuel)		Rp5,000,000
Barber studio maintenance	Rp2,000,000	
Electricity bill	Rp600,000	Rp600,000
Water bill	Rp1,200,000	
Communication bill (data plan)	Rp2,000,000	Rp2,000,000
Block notes	Rp100,000	Rp100,000
Mechanical pens	Rp50,000	Rp50,000
Pre-determined indirect costs based on last year's calculations (Applied Overhead Cost)	Rp9,600,000	Rp9,600,000
Total Cost	Rp21,550,000	Rp23,350,000
Indirect costs last year (Over Applied Overhead)	Rp1,600,000	Rp1,600,000
Yearly COGS	Rp19,950,000	Rp21,750,000
Monthly COGS	Rp1,662,500	Rp1,812,500
Minimum target customer in 1 month (if service price is Rp100,000)	17 customers	18 customers

Table 4. COGS Markups

Explanation:	Barber shop COGS	Go-Barber COGS
Minimum Haircut Rates	Rp 100,000	Rp 100,000
Markup (50%)	Rp 50,000	Rp 50,000
Total Cost After Markup	Rp 150,000	Rp 150,000

Cost object determination training to support Go-Barber business innovation in Malang City

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

Table 5. Target Number of Customers

Explanation:	Barber shop COGS	Go-Barber COGS
Yearly COGS	Rp 1,662,500	Rp 1,812,500
Markup (50%)	Rp 150,000	Rp 150,000
Target customers	11 customers	12 customers

In Table 3, it is shown that the COGS when occupying the studio and becoming a Go-Barber there was an increase of 9%, from Rp. 1,662,500 to Rp. 1,812,500 due to transportation costs that must be borne by the Go-Barber. So, if the service price is Rp. 100,000, then the average number of customers to cover COGS while still occupying the studio is 17 people. Meanwhile, when he became a Go-Barber, the target customer was 18 people. Likewise, as shown in table 4, if Go-Barber actors try to increase the service price (markup) by 50%, equivalent to Rp. 150,000, then the target customer to close HPP is 12 people/month (Table 5). From the COGS model, it can be seen that in general the costs incurred are variable costs and are not easy to trace (Mowen, Hansen, & Guan, 2006).

This training and assistance can be said to provide benefits for barber business owners in Greater Malang. This can be seen in the condition of barber entrepreneurs as shown in Figure 5, ranging from 40% to 78% of barber entrepreneurs who do not understand the role of accounting in determining selling prices based on activities. Along with the mentoring period, the results of monitoring during the training conducted by the instructors/presenters on 32 participants of the COGS determination program to determine the selling price of services, can finally be categorized as their level of understanding. Barber business owners who have understanding and skills in tracing, planning activities and assigning costs to activities that occur, 37.50% to 53.13% are categorized as very understanding, while between 43.38% to 40.63% quite understanding. This categorization is as shown in Figure 6.

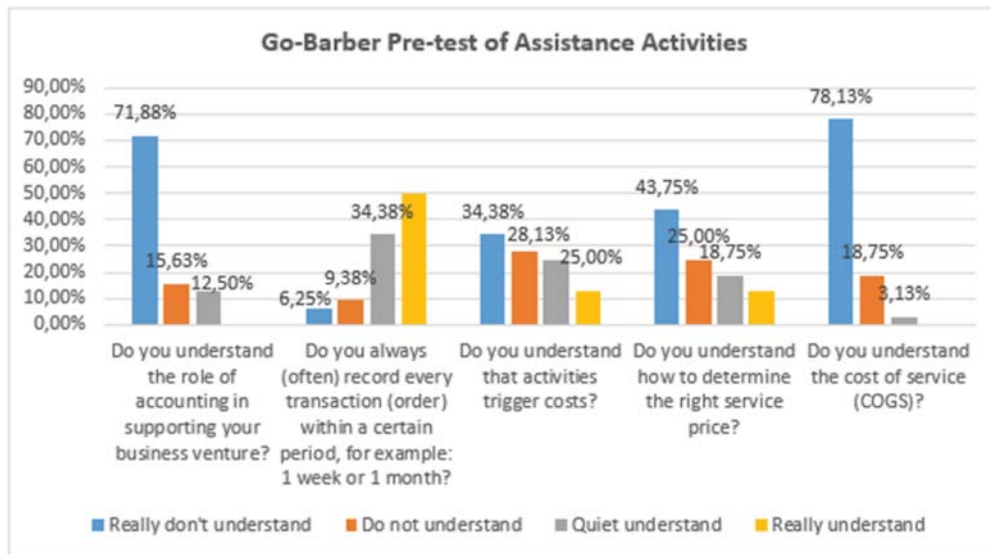


Figure 5. Pre-test of the role of accounting in pricing and cost-trigger activities

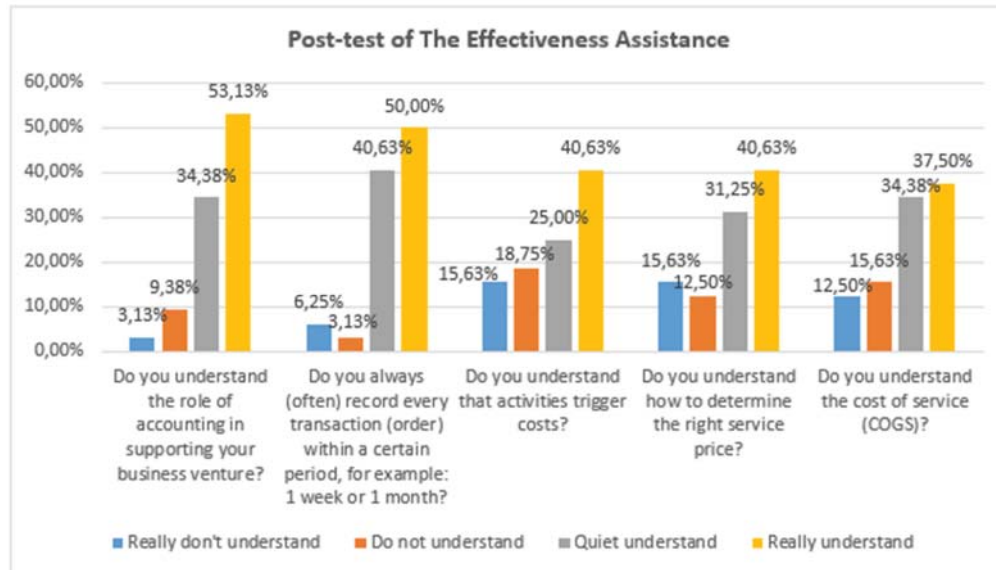


Figure 6. Posttest of mentoring effectiveness

4. CONCLUSION AND RECOMMENDATIONS

So far, the problem of MSME business actors is the general decline in sales because the sales strategy so far is conventional, that is, the place of business is located in a permanent location and has not used information technology. However, with environmental changes (especially the Covid-19 pandemic) also having an impact on the financial performance of Go-Barber MSMEs in Malang City, business owners automatically cannot avoid market pressures which are ultimately required to re-plan in responding to market pressures that demand innovation from Barber Shop to Go-Barber. This response also includes primarily about accounting records and cost analysis for determining selling prices. Thus, this training can provide benefits for decisions to innovate. In addition, through the cost object information as the basis for making COGS, the profit/loss of barbers can also be known. This means that through analysis of accounting information, it can provide benefits in making future business decisions, namely providing the ability for Go-Barber to plan service activities, as well as determining the selling price of services in the future.

This training program with the benefits for the formation of innovation for business actors is rather significant. However, the limitations of this program are in terms of funding, especially for business owners to take part in various other trainings, especially if they are paid. In addition, competence in financial analysis and accounting records needs to be continuously developed in terms of assistance for Go-Barber business owners. The local government as a regulatory body, through MSME cooperatives, should continuously provide facilities and infrastructure, such as assistance on access to capital for the realization of wider innovation.

REFERENCES

- Ahn, J. M., Minshall, T., & Mortara, L. (2015). Open innovation: A new classification and its impact on firm performance in innovative SMEs. *Journal of Innovation Management*, 3(2), 33–54.
https://doi.org/10.24840/2183-0606_003.002_0006

Cost object determination training to support Go-Barber business innovation in Malang City

Putu Indrajaya Lembut, Fitri Oktariani, Yuswanto Yuswanto

- Al-Dhubaibi, A. A. S. (2021). Optimizing the value of activity based costing system: The role of successful implementation. *Management Science Letters*, 11, 179–186.
<https://doi.org/10.5267/j.msl.2020.8.017>
- AlKhajeh, M. H. A., & Khalid, A. A. (2018). Management accounting practices (MAPs) impact on small and medium enterprise business performance within the Gauteng Province of South Africa. *Journal of Accounting and Auditing: Research and Practice*, 2018, 1-8.
<https://doi.org/10.5171/2018.345766>
- Hamdani, J., & Wirawan, C. (2012). Open innovation implementation to sustain Indonesian SMEs. *Procedia Economics and Finance*, 4(lcsmed), 223–233.
[https://doi.org/10.1016/s2212-5671\(12\)00337-1](https://doi.org/10.1016/s2212-5671(12)00337-1)
- Mowen, H., Hansen, D. R., & Guan, L. (2006) *Akuntansi Manajemen*. translated by Hermawan Erlangga, Jakarta.
- Hidayat, D. W. W., Soehardi, S., Prasetyo, E. T., & Husadha, C. (2021). A multifaceted review journal in the field of pharmacy Implications of Covid-19 Pandemic on MSMEs to Economy, Society: Case in the Country of Indonesia. *Systematic Review Pharmacy*, 12(4), 71-78.
- Hidayati, R., & Rachman, N. M. (2021). Indonesian government policy and smes business strategy during the Covid-19 pandemic. *Niagawan*, 10 (1), 1–9.
<https://doi.org/10.24114/NIAGA.V10I1.21813>
- Horngren, Charles T. (2012) *Cost Accounting: A Managerial Emphasis*. Prentice Hall, New Jersey.
- Ikatan Akuntan Indonesia (2019). *Standar Akuntansi Keuangan*. Salemba Empat, Jakarta.
- Ismail, T., Meutia, & Ummi, N. (2019). Enabling management control in improving the performance of SMEs. *Management Science Letters*, 9(11), 1823–1832.
<https://doi.org/10.5267/j.msl.2019.6.009>
- Kot, S. (2018). Sustainable supply chain management in small and medium enterprises. *Sustainability (Switzerland)*, 10(4), 1–19. <https://doi.org/10.3390/su10041143>
- Maksum, I. R., Rahayu, A. Y. S., & Kusumawardhani, D. (2020). A social enterprise approach to empowering micro, small and medium enterprises (SMEs) in Indonesia. *Journal of Open Innovation: Technology, Market, and Complexity*, 6(3). <https://doi.org/10.3390/JOITMC6030050>
- Msomi, M. P., Ngibe, M., & Bingwa, L. L. (2020). The integration of management accounting practices as an innovative strategy towards sustaining small businesses operating in eThekweni metropolitan, South Africa. *Problems and Perspectives in Management*, 18 (3), 268-281.
[https://doi.org/10.21511/ppm.18\(3\).2020.23](https://doi.org/10.21511/ppm.18(3).2020.23)
- Pavlatos, O., & Kostakis, H. (2021). Exploring the relationship between target costing functionality and product innovation: the role of information systems. *Australian Accounting Review*, July, 1–17.
<https://doi.org/10.1111/auar.12349>
- Quesado, P., & Silva, R. (2021). Activity-based costing (ABC) and its implication for open innovation. *Journal of Open Innovation: Technology, Market, and Complexity*, 7(1), 1–20.
<https://doi.org/10.3390/joitmc7010041>
- Warta Ekonomi (2021) *Dampak Pandemi Covid-19 Terhadap Perekonomian Dunia*, <https://www.wartaekonomi.co.id/read309848/samp;pandemi-covid-19-terhadap-perekonomian-dunia-infografis>, accessed in 3 August 2021.
-