

Analysis of Production Cost and Revenue Budget to Support the Effectiveness of Production Cost Control in Making Dimsum at Adidimsum Medan

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Abstract

Micro, small, and medium enterprises (MSMEs) are strategic sectors in encouraging national economic growth, one of which is through home industries involved in processed food. This study aims to analyze the structure of the cost budget and production income and evaluate the effectiveness of cost control in the Home Industry of Adidimsum Medan Karya. The research method used is qualitative descriptive with a case study approach, using primary data obtained through direct interviews and documentation from business owners. The results of the study show that the total monthly production cost is IDR 61,870,000, while the income obtained reaches IDR 110,000,000, so that a profit margin of IDR 48,130,000 is obtained. Although this business has considerable profit potential, budget management has not been carried out in a structured manner, still using manual methods without digital or systematic recording. This risks causing cost leakage that can reduce production efficiency. Therefore, more effective cost control strategies are needed, such as the separation between fixed and variable costs, as well as the use of a simple integrated financial recording system. This research is expected to provide a real and practical picture for home food business actors in managing costs and income efficiently in order to maintain the continuity and competitiveness of their businesses in the midst of growing market competition .

Keywords: Cost Budget; Home Industry; Production Revenue; cost control MSMEs .

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INTRODUCTION

The introduction primarily contains: the research problem, insights and problem-solving plans, the formulation of research objectives, and a summary of theoretical studies related to the research problem. This section sometimes also includes expectations regarding the research's results and benefits. The introduction should be approximately 2-3 pages long and typed with 1.15 spacing (or according to the writing guidelines of the scientific journal in which the article is to be published).

Micro, small, and medium enterprises (MSMEs) are a crucial sector in driving national economic growth (Lubis, 2024) . One rapidly growing MSME is the home industry, particularly those engaged in processed foods. One processed product that is increasingly popular among the public is dim sum. Home industries producing dim sum must not only maintain quality taste but also be able to manage production costs efficiently to remain competitive in the market.

Adidimsum Medan Karya Home Industry is a home-based dim sum business in Medan. In a direct interview with the business owner, Adidimsum has not recorded its production cost budget, which includes raw material costs, direct labor costs, and overhead costs. This budget has been compared with Adidimsum's actual production costs, which can support effective cost control and increase company profits. Primary data on raw materials and the budget used in the production process were also obtained.

This data serves as the basis for analyzing the effectiveness of the production cost budget and revenue in supporting business sustainability. Raw materials used in the production process include shrimp, chicken, crab, mushrooms, seaweed, fish eyes, wheat flour, spring roll pastry, cooking oil, etc. Total monthly raw material costs reach Rp31,870,000.

Meanwhile, operational costs and other expenses include salaries, particularly for six kitchen staff, which total Rp18,000,000 per month. Additionally, there are house rent of Rp6,000,000, electricity and water of Rp1,000,000, internet of Rp500,000, equipment and maintenance of Rp1,000,000, and driver salaries of Rp3,500,000. Overall, the total monthly operational costs reach Rp12,000,000 per month.

The revenue is generated from the sale of two main products: dimsum boxes and small mica dimsum. Sales of 2,000 dimsum boxes generate Rp80,000,000 and 1,000 small mica boxes generate Rp30,000,000, bringing the total monthly revenue to Rp110,000,000. Compared to the total raw material and operational costs of Rp61,870,000, there is a significant potential profit margin. However, business effectiveness is highly dependent on proper budget management. Inefficient management can lead to cost leakage and impact business efficiency and sustainability.

Previous research by (Safitri, 2023) in "*Analysis of Production Cost Calculations to Increase Bread Sales Turnover at the Morlano Balibond Orlendi (MBO) Bakery Home Industry in Manggis Village, Jember Regency*" showed that accurate production cost calculations can increase efficiency and turnover in home-based processed food businesses. This research provides an important contribution to understanding the importance of cost management in home industries, particularly in the bakery sector. However, their study focused on bread products and did not explore in-depth primary data from other types of processed food businesses.

This study aims to describe how production cost budget planning is structured and assess the effectiveness of production cost control in the Adidimsum home industry. In running a business, operational control, particularly in the financial aspect, is crucial because it directly relates to the survival of the business. Therefore, business actors need to establish controls over their operational activities, one way of doing this is by establishing budget targets to guide future resource utilization.

A budget is the result of activity planning, expressed in financial figures and structured according to a pre-designed program. Budgets play a crucial role in management, particularly in coordinating activities and implementing them to achieve

established goals. In general, a budget can be understood as a managerial tool that supports the implementation of control functions in the operations of a home industry.

The primary function of control is to direct business activities to ensure they remain on track toward predetermined goals. Therefore, budgetary control plays a vital role in a company. By analyzing differences or deviations between budget and actual results, management can identify the causes and take corrective action in the following period. This will make it easier to achieve optimal company effectiveness. Implementing control activities will enable management to gain a clearer picture of the level of operational effectiveness being implemented.

This study presents a different approach, namely presenting actual data from direct interviews with home-based business owners at *Adidimsum Medan*, which operates in the dim sum production sector. This study specifically examines the relationship between budget structure, production revenue, and the effectiveness of cost control in supporting business efficiency and sustainability. By focusing on dim sum products as processed foods that have a different production process than bread, this study is expected to provide new, more specific and contextual insights into the application of cost control in the *home* food industry sector.

The purpose of this research is to evaluate the effectiveness of implemented cost controls and to provide a concrete picture for business owners in managing production costs efficiently and sustainably. This research is expected to provide a clear and practical picture of how production cost and revenue budgets can be analyzed and controlled to support home-based business efficiency.

METHODOLOGY

This study uses a qualitative method with a descriptive approach. The data used in the study comes from primary and secondary sources. Primary data was generated from direct interviews with the owner of the *Adidimsum Medan Karya* home industry, Mr. Adi. Meanwhile, secondary data was generated by recording *Adidimsum* home industry sales. Data analysis was carried out through data collection, data display, and conclusion drawing as part of the analysis process. The research steps carried out at the *Adidimsum* home industry are as follows:

Conducting a direct Q&A with the *Adidimsum Medan Karya* business owner as a data collection method. This process was conducted through a question-and-answer session to obtain relevant information needed to support the research activities.

1. Conducting direct observations at the *Adidimsum Medan Karya* home industry location.
2. Conducting data recording by collecting information sourced from the *Adidimsum* home industry.

RESULTS AND DISCUSSION

Adidimsum Home Industry Profile

Adidimsum Home industry is a home business engaged in food, especially dimsum, which was founded by Mr. Adi Situmorang in 2010 on Jalan Karya Medan. Adidimsum creates dimsum by prioritizing natural ingredients, without preservatives, and a hygienic manufacturing process. Adidimsum serves direct sales, large orders (parties, souvenirs, etc.) and provides a reseller system. The vision is to become a trusted home business in providing quality dimsum with a five-star taste and is loved by the wider community. And the mission is to maintain the taste and cleanliness of the product, create a working environment for the surrounding community, and expand the distribution network. Adidimsum provides mica dimsum and dimsum boxes in its business. Mica dimsum is sold at a price of IDR 40,000.00 per mica and dimsum boxes are sold at a price of IDR 50,000.00 per box.

Production Budget Preparation in Adidimsum Home Industry

Budgeting is the initial stage in designing a financial plan aimed at managing resource utilization in a home industry. This process includes budgeting for raw material costs, direct labor, and factory overhead. To assess the effectiveness of production cost control in the dim sum production process, an analysis is conducted by comparing the planned budget with actual results. The production budget at Adidimsum Home Industry is prepared directly by the business owner, Mr. Adi. This budget is prepared to determine how many items will be produced and when, and helps manage production costs and ensure the availability of appropriate resources. The budgeting process begins with determining monthly production volume, followed by calculating raw material requirements, labor requirements, and other operational costs. Adidimsum's budgeting is quite systematic, although still manual. The business owner relies on experience and simple record-keeping to estimate production needs. This indicates the need to develop a more structured record-keeping system for more accurate and efficient budget planning. (Denisa Felia Putri Munthe et al., 2023) .

Thus, the production budget preparation at Adidimsum Home Industry demonstrates fairly thorough planning regarding primary raw material requirements. However, cost efficiency can be further enhanced through the use of digital financial recording and budget planning technology based on historical data.

The Role of Budget Costs in Supporting the Effectiveness of Adidimsum Production Cost Control

The operational cost budget plays a strategic role in supporting the cost-effectiveness of production at the Adidimsum Home Industry. This budget covers all expenses required to support dimsum production activities, ensuring they run efficiently and smoothly. These costs include production site rental, electricity and water, internet access, labor wages, and production equipment maintenance. Systematic and planned budgeting helps business owners control expenses and allocate funds according to operational priorities. This ensures the efficiency and sustainability of the production process.

To evaluate the cost-effectiveness of production in the Adidimsum home industry, a comparative analysis was conducted between budgeted and actual production costs. The production cost budget for the Adidimsum home industry for 2024 is presented in table form below:

Table 1. Adidimsum Production Cost Budget and Realization in 2024

Production cost	Budget	Budget Realization	Difference
Raw Material Costs	Rp. 400,000,000	Rp. 382,000.00	Rp. 18,000,000
Direct Labor Costs	Rp. 230,000,000	Rp. 216,000,000	Rp. 14,000,000
Factory Overhead Costs	Rp. 150,000,000	Rp. 144,000,000	Rp. 6,000,000

Source: Research Data, 2025

Table 1 shows that the production cost budget for 2024 was Rp780,000,000. This represents the cost allocated by the Adidimsum home industry to carry out the production process within one year. However, Adidimsum only spent Rp742,000,000 on production costs, which represents a savings of Rp38,000,000.

Success in controlling production costs can be measured by comparing actual costs with budgeted production costs. Based on available information, in 2024, the difference between budgeted and actual production costs did not exceed the predetermined limit for assessing control effectiveness. This indicates that Adidimsum's production cost control efforts demonstrated an adequate level of effectiveness.

With a structured budget, Adidimsum Home Industry is able to manage its finances effectively and efficiently. Business owners can monitor and evaluate each expense item and make adjustments if market conditions change or prices for materials and services increase. This is crucial for maintaining business stability and increasing product competitiveness in the market. (Nurlaila et al., 2022) .

Overall, a good operational cost budget not only helps in financial control, but also becomes an important tool in strategic decision-making to support business growth and sustainability.

The Role of Production Income in Supporting Production Cost Effectiveness

Production revenue plays a strategic role in supporting the cost-effectiveness of production at the Adidimsum Home Industry. This business derives its primary revenue from the sale of two types of products: dimsum boxes and small mica dimsum. Both enjoy high and stable market demand, demonstrating the effectiveness of the product quality and marketing strategies. Based on Information obtained through direct interviews with home industry owners revealed that sales of dimsum boxes reached 2,000 boxes per month with revenue of Rp80,000,000, while small mica dimsum boxes sold 1,000 mica boxes with revenue of Rp30,000,000. The total monthly revenue achieved was Rp110,000,000.

Meanwhile, the total production costs incurred consist of two main components, namely raw material costs of Rp31,870,000, salary expenses of Rp18,000,000 and operational costs of Rp12,000,000, so that the total production costs per month reach Rp61,870,000. Thus, a profit margin of Rp48,130,000 per month is obtained. This shows that the income generated plays a significant role in the effectiveness of production financing, where high income can cover all costs incurred and provide a significant remaining profit.

With stable revenue and substantial profits, this business has the potential to reinvest in increased production capacity, product development, improved employee welfare, and broader marketing strategies. This is crucial for maintaining long-term sustainability and growth.

The analysis of cost control effectiveness revealed that the business lacks a systematically documented budgeting and cost control system. Financial management is still manual and does not utilize digital technology or an organized bookkeeping system. This risks inefficiencies in spending and makes it difficult for the owner to monitor the comparison between actual costs and the budget. The largest expenses are labor costs, accounting for approximately 35% of total costs, and primary raw materials, accounting for more than half of raw material costs. Some expenses, such as electricity, water, and equipment maintenance, have not been regularly evaluated to identify potential efficiencies. (Asrah et al., 2024) .

These findings align with the theory (Mulyadi, 2007) , which emphasizes the importance of budgeting as a control tool for informed decision-making. Furthermore, these findings support research findings (Ramadhan & Lestari, 2023) , which state that MSMEs are often undisciplined in preparing budget reports and financial records, ultimately leading to suboptimal cost control. Therefore, improved cost management strategies are needed, such as separating fixed and variable costs, using simple digital record-keeping, and periodically evaluating operational cost components. These measures can improve cost control effectiveness, ultimately driving the long-term growth and sustainability of Adidimsum Medan Karya.

CONCLUSION

The production budget at Adidimsum Home Industry is prepared independently by the business owner, taking into account monthly raw material and operational needs. This budgeting process is based on estimates from previous sales data and market demand trends. Primary raw materials, such as shrimp, chicken, and wheat flour, are prioritized in budget planning. The total monthly raw material budget of Rp31,870,000 is prepared with attention to price stability and material quality, ensuring efficient production and on-target operation. The cost budget plays a crucial role in supporting cost-effective production. Adidimsum allocates funds for production house rental, electricity and water, internet, driver salaries, and equipment maintenance. Total operational costs reach Rp12,000,000 per month, with the largest portion allocated to kitchen staff salaries of Rp18,000,000. With a systematically structured budget, the business is able to control expenses and avoid waste, thus achieving optimal production effectiveness.

Production revenue from the sale of dim sum boxes and small mica dim sum reaches Rp110,000,000 per month. With a total production cost of Rp61,870,000, the business achieves a profit margin of Rp48,130,000. This revenue plays a significant role in supporting production cost effectiveness because it not only covers all expenses but also provides opportunities for business development, product quality improvement, and employee welfare.

For qualitative research such as classroom action research, ethnography, phenomenology, case studies, etc., it is necessary to add the presence of researchers, research subjects, informants who helped along with the methods of collecting research data, location and duration of research as well as a description of checking the validity of research results.

It's best to avoid organizing your writing into "sub-headings" in this section. However, if this is unavoidable, you can find the "Results and Discussion" section for more information.

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