

STRENGTHENING OPERATIONAL PERFORMANCE THROUGH MANAGEMENT ACCOUNTING PRACTICES: EVIDENCE FROM A MODERN COFFEE SHOP

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Abstract

Micro, Small, and Medium Enterprises (MSMEs) require effective management accounting practices to improve operational efficiency and ensure business sustainability. However, many small businesses continue to rely on conventional accounting records and have not fully integrated management accounting functions into managerial decision-making. This study aims to examine the implementation of management accounting practices at Warkop Masa Kini by focusing on three managerial functions: control, cost calculation, and planning. A qualitative research approach was employed using primary data collected through unstructured interviews with the business owner, direct observations, and document analysis. The data were analyzed using an interactive analysis model consisting of data collection, data reduction, data presentation, and conclusion drawing. The findings reveal that Warkop Masa Kini has implemented management accounting practices through standardized production control, systematic identification of raw material, labor, manufacturing overhead, and non-production costs, as well as strategic business planning supported by market research and social media marketing. Although these practices remain relatively simple and are primarily based on conventional financial records, they provide essential information for operational control, pricing decisions, cost management, and business planning. The study highlights the practical importance of integrating management accounting functions into the daily operations of MSMEs to improve managerial decision-making and operational performance. The findings also contribute to the management accounting literature by demonstrating how basic accounting practices can support business sustainability and competitiveness in small food and beverage enterprises.

Keywords: Business Planning, Cost Calculation, Management Accounting, MSMEs, Operational Control



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INTRODUCTION

Micro, Small, and Medium Enterprises (MSMEs) play a vital role in Indonesia's economy, particularly in terms of employment generation and job creation (Sartono & Sisdiyantoro, 2019). As key contributors to economic growth, MSMEs are expected to implement effective financial management practices to ensure business sustainability and competitiveness. One of the essential aspects of financial management is the accurate calculation of production costs. Reliable cost information enables business owners and managers to identify the costs incurred throughout the production process and supports strategic decision-making aimed at improving operational efficiency.

Raw material costs comprise all expenditures incurred to acquire materials until they are ready for use in the production process. These costs include the purchase price of raw materials, transportation, storage, and other related acquisition costs. Both trading and manufacturing businesses maintain inventories; however, the characteristics, quantity, and management challenges of inventory may differ across firms (Hariyanti et al., 2022). Inventory represents an integral component of routine business operations and often constitutes one of the largest components of current assets. Consequently, effective inventory and raw material cost management are crucial for maintaining operational efficiency, minimizing unnecessary costs, and enhancing business profitability.

This study focuses on Warkop Masa Kini, a modern coffee shop located on Jl. Raya Plosokandang, Kudus, Tulungagung. The business was selected as the research object due to its strategic location and its primary market segment, which consists of university students living in Plosokandang and the surrounding areas. As a newly established enterprise, Warkop Masa Kini faces several operational challenges, including fluctuating revenues resulting from a limited base of loyal customers and insufficient promotional activities. These conditions highlight the importance of implementing effective accounting practices, particularly in the planning, control, and management of raw material costs, to support informed managerial decision-making and improve business performance.

LITERATURE REVIEW

Raw Materials

Raw materials constitute the primary inputs in the production process and directly determine the quality and quantity of finished products. Manufacturing firms generally obtain raw materials through local purchases, imports, or internal processing, depending on their operational capabilities (Lahu & Sumarauw, 2017). Direct raw materials are physically incorporated into finished products and can be clearly identified and measured, making their costs directly attributable to production output. In contrast, indirect raw materials support the production process but do not become a substantial component of the final product, making their costs more difficult to allocate to individual products (Herawati & Mulyani, 2016). Effective raw material management is therefore essential to

ensure production continuity, reduce operational inefficiencies, and support sustainable business performance.

Raw Material Costs

Raw material costs represent one of the most significant components of production costs because they include all expenditures required to acquire materials until they are ready for use in the production process. These costs include not only the purchase price but also transportation, storage, and other acquisition-related expenses (Sari & Ramayanti, 2021). Since raw material costs are directly associated with production volume, inefficient cost management can substantially affect production costs, profitability, and pricing decisions. Consequently, systematic cost calculation and monitoring enable business owners to improve cost efficiency, maintain financial control, and support managerial decision-making.

Target Pricing

Target pricing is a market-oriented pricing approach that begins with identifying the price consumers are willing to pay for a product or service. Rather than determining selling prices solely from production costs, businesses first establish a target market price and then manage production costs to achieve the desired level of profitability (Wenni Wahyuandari, 2023). This approach encourages firms to improve operational efficiency while maintaining product quality and customer value. For small and medium-sized enterprises, target pricing also serves as an important managerial tool for balancing production costs with market competitiveness and consumer purchasing power.

Overall, the concepts of raw materials, raw material cost management, and target pricing provide a comprehensive theoretical foundation for examining how accounting functions support planning, cost control, and managerial decision-making in MSMEs. In the context of Warkop Masa Kini, these concepts facilitate an assessment of whether raw material cost management practices have been implemented effectively to improve operational efficiency and business performance.

RESEARCH METHOD

This study employed a qualitative research approach to explore and gain an in-depth understanding of the implementation of management accounting practices at Warkop Masa Kini. Qualitative research is particularly appropriate for investigating social and organizational phenomena by emphasizing participants' perspectives and contextual interpretations. Data were collected through interviews, observations, and textual documentation, allowing researchers to obtain comprehensive insights into the phenomenon under investigation. The collected data were subsequently analyzed and interpreted to generate meaningful findings. The flexibility of qualitative research enables researchers to capture emerging phenomena within their natural settings while maintaining a high level of responsiveness to contextual conditions (Nugroho & Takaliwuhang, 2022).

Data were analyzed using the interactive analysis model, which consists of four interrelated stages: data collection, data reduction, data presentation, and conclusion drawing. Data collection was conducted through unstructured interviews with the owner of Warkop Masa Kini and direct observations of business operations. The use of unstructured interviews allowed participants to provide detailed explanations regarding planning, cost control, and cost calculation practices implemented in daily operations. Observations were undertaken to validate interview findings and to obtain factual evidence of accounting practices within the business environment.

Following the data collection process, the information was systematically reduced by selecting and organizing relevant data according to the research objectives. The refined data were then presented in tabular form by integrating interview results with observational findings to facilitate interpretation. Finally, conclusions were drawn through a continuous process of comparing, verifying, and interpreting the data to ensure consistency and credibility. This analytical approach enabled the study to provide a comprehensive understanding of the implementation of management accounting functions, particularly in planning, controlling, and cost calculation practices at Warkop Masa Kini.

RESULTS AND DISCUSSION

Control Production

Figure 1. Warkop Masa Kini



Source: Warkop Masa Kini

Although Warkop Masa Kini operates as a Micro, Small, and Medium Enterprise (MSME), maintaining long-term business sustainability and achieving continuous growth remain essential objectives. Sustainable MSMEs are generally characterized by consistent product quality and food safety standards. Therefore, comprehensive production control

must be implemented throughout the entire production process, from the procurement of raw materials to the delivery of finished products. Such control mechanisms require a strong commitment from business owners and managers to ensure product quality, operational efficiency, and customer satisfaction.

Raw Material Requirements

Material Specifications

All materials used in the preparation and sale of food and beverages, including raw materials, supporting materials, auxiliary materials, and food additives (BTP), must have clear information regarding their origin and product specifications. The responsibility for determining the type, quantity, and specifications of these materials lies with the manager of Warkop Masa Kini. Food additives, such as preservatives and food colorings, must be used in accordance with applicable food safety regulations. Furthermore, the shelf life and permitted usage of food additives should always be verified by referring to the regulations issued by the Indonesian Food and Drug Authority (BPOM) or the product information provided on the packaging.

Water Quality Requirements

Water used in the production process, whether in liquid, ice, or gaseous form, must be protected from contamination originating from production waste or cleaning agents. Water utilized in beverage preparation must comply with drinking water quality standards, whereas water used for washing equipment or coming into direct contact with food ingredients must satisfy clean water quality requirements to ensure food safety and hygiene.

Material Preparation

The manager is responsible for establishing standardized ingredient compositions and product formulations for all food and beverage items. Standardized formulations are essential to ensure consistency in product quality, taste, and presentation across all production activities. The implementation of standardized recipes also facilitates quality control and minimizes variations in production outcomes.

Production Procedures

Standard Operating Procedures (SOPs) for production are documented through production flowcharts that clearly illustrate each stage of the production process. A comprehensive production flowchart includes standardized operating conditions, such as mixing time, cooking duration, and processing temperature. These flowcharts serve as operational guidelines that are easily accessible and understandable for all employees involved in food and beverage production, thereby promoting consistency, efficiency, and compliance with established production standards.

Packaging Requirements

Appropriate packaging plays a crucial role in maintaining product quality and safety. Food and beverages must be packaged in materials that effectively protect them from heat, sunlight, moisture, dust, physical impact, and other external contaminants. Packaging materials and containers should also prevent physical damage during storage

and distribution. Common packaging materials used by Warkop Masa Kini, including styrofoam containers, food wrapping paper, and plastic cups, are selected to ensure that food and beverages remain safe, hygienic, and protected from leakage or spillage during handling and delivery.

Cost Calculation

Warkop Masa Kini offers a variety of products, including:

1. Food
2. Beverages
3. Snacks

Table 1. Monthly Sales Report of Warkop Masa Kini

Menu	Order Value	Total Sales
Beverage Orders	Rp1,755,000	Rp1,755,000
Food Orders	Rp1,690,000	Rp1,690,000
Snack Orders	Rp1,980,000	Rp1,980,000
Total		Rp5,425,000

Source: Warkop Masa Kini Tulungagung, December 2023.

Management accounting analysis, supported by an alternative variance-based cost calculation, was employed to evaluate whether customer orders should be accepted. The analysis was conducted using financial data obtained from the conventional accounting records maintained by Warkop Masa Kini.

Cost Analysis

Raw Material Costs

Based on information obtained from the owner of Warkop Masa Kini, the raw materials required for producing food, beverages, and snacks are presented below.

Table 2. Raw Material Cost for Food Production

No.	Description	Cost
1	Rice	Rp45,000
2	Chicken	Rp180,000
3	Chili	Rp28,000
4	Garlic	Rp9,000
5	Cucumber	Rp5,000
6	Flour	Rp8,000
7	Cooking Oil	Rp11,000
8	Food Boxes	Rp14,000
9	Instant Beverage Mix	Rp150,000
10	Sweetened Condensed Milk	Rp39,000
11	Potatoes	Rp60,000
12	Instant Noodles	Rp318,000
13	Tofu	Rp10,000
14	Instant Cireng	Rp30,000

No.	Description	Cost
15	Toast Bread	Rp50,000
16	Jam	Rp45,000
17	Ice Cubes	Rp7,000
Total		Rp1,009,000

Source: Warkop Masa Kini Tulungagung, December 2023.

The owner established standardized raw material quantities by defining standardized food and beverage menus. Each menu specifies the quantity of ingredients required to produce a consistent product while meeting customer demand. The establishment of standardized menus also serves as the basis for determining standard raw material consumption.

Table 3. Raw Material Cost per Food Box Order

Description	Unit	Unit Price	Total (Rp)
Boxed Food Menu Order	Box	Rp10,000	Rp60,000,000

Source: Warkop Masa Kini Tulungagung, December 2023.

Direct Labor Costs

Warkop Masa Kini employs two workers responsible for food preparation and production activities. Employee wages are determined according to the employment agreement established between the owner and each employee.

Table 4. Direct Labor Cost at Warkop Masa Kini

Description	Number of Employees	Cost (Rp)
Monthly Labor Cost	2	Rp800,000.00

Source: Warkop Masa Kini Tulungagung, December 2023.

Based on Table 4, each employee receives a monthly salary of Rp800,000.00.

Manufacturing Overhead Costs

The variable manufacturing overhead costs incurred by Warkop Masa Kini are presented below.

Table 5. Variable Manufacturing Overhead Costs

No.	Description	Variable Manufacturing Overhead (Rp)
1	Cooking Equipment (Gas, Freezer, Refrigerator)	Rp9,301,000
2	Electricity	Rp217,800
3	Telephone and Internet	Rp350,000
Total		Rp9,868,800

Source: Warkop Masa Kini Tulungagung, December 2023.

As presented in Table 5, the total variable manufacturing overhead amounted to Rp9,868,800. The classification of manufacturing overhead into variable cost components facilitates cost monitoring, budgeting, and managerial control.

Table 6. Fixed Manufacturing Overhead Costs

No.	Description	Fixed Manufacturing Overhead (Rp)
1	Vehicle Depreciation	Rp80,000
2	Cooking Equipment Depreciation	Rp1,200,000
Total Fixed Manufacturing Overhead		Rp1,280,000

Source: Warkop Masa Kini Tulungagung, December 2023.

Using the straight-line depreciation method, vehicle depreciation was calculated at Rp80,000, while cooking equipment depreciation amounted to Rp1,200,000. Accordingly, the total fixed manufacturing overhead related to depreciation was recorded at approximately Rp1,280,000 for the 2023 period.

Table 7. Fixed Non-Production Costs

No.	Description	Cost (Rp)
1	Employee Salaries	Rp19,200,000
2	Building Rental	Rp7,500,000
Total Fixed Non-Production Costs		Rp26,700,000

Source: Warkop Masa Kini Tulungagung, December 2023.

As shown in Table 7, the total fixed non-production costs incurred by Warkop Masa Kini in 2023 amounted to Rp26,700,000. These costs were calculated as follows:

Employee Salary Expense

$$\begin{aligned} \text{Employee Salary Expense} &= \text{Monthly Salary} \times 12 \text{ Months} \times \text{Number of Employees} \\ &= \text{Rp}800,000 \times 12 \times 2 \\ &= \text{Rp}19,200,000 \end{aligned}$$

Business Premises Rental Expense

$$\begin{aligned} \text{Annual Rental Expense} &= \text{Annual Rental Cost of the Building} \times \text{Business Area} / \text{Total Building Area} \\ &= \text{Rp}30,000,000 \times (18 \text{ m}^2 / 70 \text{ m}^2) \\ &= \text{Rp}7,500,000 \end{aligned}$$

Order Acceptance and Rejection Analysis Based on Cost Expenditures

Table 8. Order Acceptance and Rejection Analysis Based on Cost Expenditures

Description	Amount (Rp)
Sales Revenue	Rp5,425,000
Production Costs:	
Raw Material Costs	Rp1,009,000
Direct Labor Costs	Rp19,200,000
Fixed Manufacturing Overhead	Rp1,280,000
Variable Manufacturing Overhead	Rp9,868,800

Source: Warkop Masa Kini Tulungagung, December 2023.

The cost analysis indicates that managerial decision-making regarding order acceptance should consider the relationship between expected sales revenue and total production costs. Management accounting information generated from raw material costs, direct labor costs, manufacturing overhead, and non-production costs provides an essential basis for evaluating operational efficiency and supporting pricing and profitability decisions. Consequently, systematic cost calculation enables Warkop Masa Kini to assess the financial feasibility of customer orders while improving cost control and overall business performance.

Planning

Planning is one of the fundamental managerial functions that supports business sustainability and minimizes the risk of operational failure. For Warkop Masa Kini, effective business planning is essential to ensure long-term growth and competitiveness. A comprehensive business plan encompasses several key elements, including market research, marketing strategies, and business development initiatives. Among these elements, market research plays a crucial role in identifying customer needs, preferences, and purchasing behavior, thereby providing valuable information for managerial decision-making.

Market research represents the initial stage in establishing and developing a business. Before introducing products to the market, business owners need to assess market potential and evaluate whether their products can be successfully marketed to the targeted customer segment. The findings obtained from market research subsequently serve as the foundation for developing appropriate business and marketing strategies. Consequently, systematic market analysis enables business owners to formulate effective strategies that increase the likelihood of market acceptance and long-term business success.

The interview results indicate that strategic planning is considered the most effective approach for responding to changing market demands and improving product sales. One of the primary strategies identified by the owner is the utilization of social media as a marketing communication tool. Social media platforms provide opportunities

to publish promotional content, establish direct interactions with customers, and create engaging and creative digital content that enhances customer interest.

Furthermore, social media marketing offers several strategic advantages, including expanding market reach, attracting new customers, strengthening customer relationships, and increasing transaction volumes. The findings suggest that Warkop Masa Kini has incorporated social media marketing into its business planning as a strategic initiative to achieve its marketing objectives and improve business performance. This planning approach demonstrates the business owner's awareness of the importance of digital marketing in supporting the sustainability and competitiveness of MSMEs in an increasingly competitive market environment.

Discussion

The findings indicate that the implementation of management accounting functions at Warkop Masa Kini is reflected through three fundamental managerial activities, namely control, cost calculation, and planning. These functions collectively support operational decision-making and contribute to the sustainability of the business despite its classification as a Micro, Small, and Medium Enterprise (MSME). The results suggest that management accounting is not merely used for financial record-keeping but also serves as a managerial tool for improving operational efficiency and supporting business development.

From the control perspective, Warkop Masa Kini has implemented several production control practices, including the standardization of raw materials, ingredient formulations, production procedures, water quality, and packaging. These findings demonstrate that the business recognizes the importance of quality assurance throughout the production process. Standardized raw material specifications and production procedures help ensure product consistency while minimizing production errors and waste. Furthermore, compliance with food safety requirements, particularly regarding water quality and food additives, reflects the business owner's commitment to maintaining product quality and customer satisfaction. Such control mechanisms are consistent with the primary objective of management accounting, which emphasizes operational control to achieve organizational efficiency and effectiveness.

Regarding cost calculation, the findings reveal that Warkop Masa Kini has identified the primary cost components consisting of raw material costs, direct labor costs, manufacturing overhead, and non-production costs. This classification provides management with a clearer understanding of the cost structure associated with daily operations. The establishment of standardized raw material quantities for each menu item also facilitates cost estimation and inventory control, thereby reducing the likelihood of excessive material usage. Although the business currently relies on conventional financial records, the availability of cost information enables management to evaluate production expenditures and supports managerial decisions regarding pricing and order acceptance.

The financial analysis further demonstrates the importance of comprehensive cost information in managerial decision-making. Sales revenue alone cannot serve as the basis

for evaluating business performance without considering the total production and operating costs incurred. By incorporating direct labor costs, manufacturing overhead, and non-production expenses into the analysis, managers obtain a more accurate representation of operational profitability. This finding suggests that a systematic cost accounting system would further enhance the accuracy of financial evaluations and support more effective business decisions.

The planning function also plays a significant role in the implementation of management accounting at Warkop Masa Kini. The interview results indicate that the owner recognizes market research as the initial step in developing an effective business strategy. Understanding customer preferences and market demand enables the business to formulate marketing strategies that are more responsive to changing consumer behavior. This finding illustrates that managerial planning extends beyond financial considerations to include market-oriented strategic decisions.

One notable finding is the adoption of social media as the primary marketing strategy. The business utilizes digital platforms to promote products, communicate directly with customers, and increase customer engagement through creative content. This strategy reflects the growing importance of digital marketing for MSMEs operating in a competitive business environment. Social media not only expands market reach but also strengthens customer relationships, increases brand awareness, and has the potential to improve sales performance. Consequently, the planning process implemented by Warkop Masa Kini demonstrates an adaptive managerial approach that integrates operational management with contemporary marketing practices.

Overall, the findings answer the research objective by demonstrating that management accounting functions have been implemented through integrated control, cost calculation, and planning activities. Although the accounting practices remain relatively simple and are based on conventional financial records, they provide essential information for operational control, cost management, pricing decisions, and strategic planning. Nevertheless, there remains considerable potential for improvement through the adoption of more systematic management accounting practices, including computerized cost accounting systems, standardized budgeting, variance analysis, and performance measurement. The implementation of these practices would strengthen managerial decision-making and enhance the long-term competitiveness and sustainability of Warkop Masa Kini.

CONCLUSION

This study explored the implementation of management accounting functions at Warkop Masa Kini through a qualitative approach focusing on three key managerial functions: control, cost calculation, and planning. The findings demonstrate that management accounting practices have been implemented to support business operations, although they remain relatively simple and rely primarily on conventional financial records.

From the control perspective, Warkop Masa Kini has established standardized procedures for raw material selection, production processes, water quality, and packaging to ensure product quality and operational consistency. These control activities contribute to minimizing operational risks while maintaining food safety and customer satisfaction.

Regarding cost calculation, the business has identified the major cost components, including raw materials, direct labor, manufacturing overhead, and non-production costs. The classification of these costs provides useful information for evaluating production expenditures, determining selling prices, and supporting managerial decisions related to order acceptance and operational efficiency. Nevertheless, the study also indicates that the current cost management system could be improved through more systematic and integrated accounting practices.

In terms of planning, market research and digital marketing strategies have become important components of managerial decision-making. The utilization of social media as a promotional platform demonstrates the business owner's awareness of changing consumer behavior and the importance of digital communication in expanding market reach and increasing customer engagement.

Overall, the findings confirm that the implementation of management accounting functions at Warkop Masa Kini supports operational management and business sustainability. The integration of production control, cost calculation, and strategic planning provides valuable managerial information that assists decision-making and enhances business performance. However, strengthening the application of management accounting through more structured costing systems, budgeting practices, and performance evaluation would further improve managerial effectiveness and long-term competitiveness.

Suggestions for Future Research

Future studies are encouraged to extend this research by involving a larger number of MSMEs within the food and beverage sector to improve the generalizability of the findings. Comparative studies across different types of businesses or geographical regions may provide broader insights into the implementation of management accounting practices in small enterprises.

Future researchers may also adopt mixed-methods or quantitative approaches to examine the relationship between management accounting practices and business performance, profitability, operational efficiency, or business sustainability. In addition, incorporating variables such as digital accounting systems, inventory management, internal control, and digital marketing effectiveness would provide a more comprehensive understanding of how management accounting contributes to organizational performance in the digital business environment.

Finally, future research should investigate the adoption of digital accounting technologies and integrated cost management systems among MSMEs, particularly in the context of Industry 4.0 and digital transformation, to identify strategies that enhance managerial decision-making and long-term business competitiveness.

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