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The Implementation of Activity Based Management Accounting System in Improving Cost Efficiency at Cv. Feljen Jaya (Sedap Jaya)

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A B S T R A C T

V Feljen Jaya (Sedap Jaya) is a manufacturing company that produces bread and involves several activities, which may give rise to non-value-added activities. This study aims to explore the application of Activity Based Management (ABM) to optimize processes and reduce costs. Through a qualitative approach using descriptive analysis, the study found non-value-added activities, namely the labeling of bread packaging, which should be combined with packaging activities to reduce waste of time and costs.

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INTRODUCTION

Management accounting systems have evolved into essential tools that assist management in decision-making by providing the necessary information (Hansen & Mowen, 2015). However, conventional accounting systems often fail to accurately reflect costs, particularly in companies with numerous activities and complex business processes. Activity-Based Management (ABM) has emerged as a method capable of overcoming these limitations. An ABM-based management accounting system not only facilitates more accurate product costing but also provides strategic insights to improve operational efficiency by identifying key activities within the production process and allocating costs based on the actual consumption of those activities.

Activity-Based Management (ABM) links costs to the activities performed within an organization. It is a management approach that focuses on identifying, measuring, analyzing, and managing organizational activities with the objective of increasing customer value and maximizing profitability.

The implementation of ABM in bakery businesses offers strategic benefits because it enables business owners to control production costs more efficiently. The efficiency achieved not only enhances profitability but also helps maintain market competitiveness without increasing selling prices. A better understanding of the function of each task allows employees to create more organized work plans, reduce waiting time, optimize equipment utilization, and improve productivity. Furthermore, ABM can serve as a foundation for establishing Standard Operating Procedures (SOPs) in businesses that typically operate without systematic documentation and regular evaluation. By establishing activity and cost standards, business owners gain clearer operational guidelines and can more easily measure production performance over time. Therefore, the analysis of production activities using the ABM approach is highly relevant for bakery businesses. ABM functions not only as a cost analysis tool but also as a means of fostering a more disciplined, productive, and sustainability-oriented work culture focused on maintaining business continuity and product quality.

CV Feljen Jaya (Sedap Jaya) is a Micro, Small, and Medium Enterprise (MSME) engaged in bread production and based in Manado City. The company produces various types of bread, including sweet bread, white bread, and filled bread, which are marketed throughout surrounding areas. In carrying out its production processes, CV Feljen Jaya (Sedap Jaya) performs various activities such as dough mixing, baking, packaging, and distribution to outlets or consumers. All of these activities require efficient cost management to maintain competitiveness in the market. Given the high production volume and product variety offered, an effective cost management system is needed to ensure that the company remains competitive and efficient. However, in practice, even large companies continue to face challenges in determining accurate production costs. Many indirect costs (overhead costs) are not properly allocated to the products that consume them.

LITERATURE REVIEW

Accounting

Accounting is the process of recording, classifying, summarizing, and reporting the financial transactions of an entity (such as a company, organization, or individual) so that financial information can be utilized by stakeholders in decision-making. One of the primary objectives of accounting is to provide relevant and reliable information regarding an entity's financial position, performance, and cash flows, thereby assisting management, investors, creditors, and other parties in making sound economic decisions.

According to Kieso and Weygandt, as cited in Indra Mahardika Putra (2023:35), accounting is a system responsible for identifying, recording, and communicating the economic events of an organization to interested parties. Furthermore, accounting can be defined as a service that provides the information needed to take effective action and evaluate the financial activities of an entity. Accounting information is not only accessible to internal users but also to parties who have an interest in a company's financial performance and condition. There are two categories of accounting information users: internal users (those who work within the organization) and external users (those who work outside the organization). External users include individuals who do not work for the organization, such as investors, creditors, and other institutions.

Management Accounting

Management accounting is the process of identifying, measuring, collecting, analyzing, preparing, and communicating financial information used by management for planning, evaluation, and organizational control, as well as ensuring that organizational resources are utilized appropriately and accountably. Accounting plays a crucial role in the business world. Accounting information is required for planning, monitoring, and decision-making, ranging from small enterprises to large profit-oriented corporations. Consequently, management accounting emerged from the need for accounting information capable of assisting management in overseeing increasingly large and complex organizations. Management accounting is an information system that supports management in decision-making and monitoring company operations.

Activity-Based Management

Activity-Based Management (ABM) is a management approach based on activities that focuses on the integrated and systematic management of activities with the aim of enhancing customer value and profitability. ABM can be applied in both manufacturing and service organizations. It encompasses all organizational activities, including production, marketing, sales, administration, and other operational activities.

Objectives and Benefits of Activity-Based Management

Activity-Based Management (ABM) is at the core of a cost management system. Therefore, to effectively manage an organization or business, a company

must focus on ABM. The primary objective of ABM is to increase the value of products or services received by customers, thereby enabling organizations to achieve higher profitability by delivering added value to consumers.

The benefits of ABM include enhancing management's focus on critical business elements and improving competitive advantage. By identifying the resources consumed by customers, products, and activities, management can determine areas for operational improvement, cost reduction, or customer value enhancement (Blocher, cited in Aripin et al., 2021:55).

Dimensions of Activity-Based Management

The application of Activity-Based Management aims to eliminate non-value-added activities. ABM emphasizes product cost calculation and process value analysis. Through this approach, organizations can identify activities that contribute value and those that do not, thereby improving operational efficiency and overall organizational performance.

Conceptual Framework

The conceptual framework of this study illustrates the relationship between the implementation of an Activity-Based Management (ABM)-based management accounting system and cost efficiency at CV Feljen Jaya (Sedap Jaya). Through activity analysis, cost driver analysis, and performance analysis, the company can identify non-value-added activities, improve operational processes, reduce unnecessary costs, and ultimately enhance production cost efficiency and organizational performance.

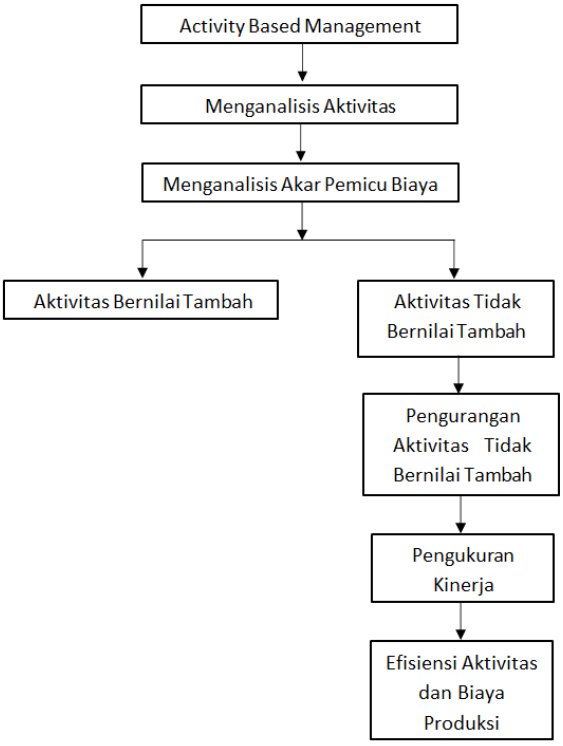

Figure 1. Conceptual Framework

RESEARCH METHOD

Type of Research

This study employs a qualitative research method using a descriptive approach. Descriptive qualitative research is a type of research that focuses on collecting and analyzing non-numerical data to gain a deeper understanding of a particular phenomenon.

Place and Time of Research

This research was conducted at CV Feljen Jaya (Sedap Jaya), located at FV43+J6C, Bumi Nyiur, Wanea District, Manado City, North Sulawesi. The research was carried out from September 2025 until its completion.

Type of Data

The type of data used in this study is qualitative data. Qualitative data refers to information obtained through interviews conducted with previously selected informants (respondents). In this study, qualitative data were derived from in-depth interviews with the owner, production supervisor, and employees of CV Feljen Jaya (Sedap Jaya), as well as direct observations of production activities and cost management practices.

Data Sources

The source of data used in this study is primary data. Primary data are obtained directly from relevant parties through interviews and documentation involving selected informants. The data sources in this study consist of:

1. The owner of CV Feljen Jaya (Sedap Jaya), to obtain information regarding cost management policies.
2. The production supervisor, to gather information related to production activities, resource utilization, and cost-related challenges.
3. Production employees, to gain direct insights into daily activities associated with cost usage in the production process.

Data Collection Methods

Three data collection methods were employed in this study:

1. Observation

Observation is a data collection technique conducted by directly observing the object of study within its natural setting. The researcher records behaviors, actions, or conditions that occur without intervening in the observed activities.

2. Interview

An interview is a data collection method conducted through direct question-and-answer interactions between the researcher and informants (respondents) to obtain more in-depth information.

3. Documentation

Documentation is a data collection technique carried out by gathering and documenting reports, records, and administrative documents related to the research problem. The purpose of documentation is to validate data obtained from other sources, such as observations or interviews.

Data Analysis Method and Process

Data Analysis Method

The data analysis method used in this study is descriptive qualitative analysis. Descriptive qualitative analysis is employed to describe the condition of the research object based on existing facts and the results of interviews, observations, and documentation, which are then organized and presented in narrative form. The analytical approach applied in this study is Activity-Based Management (ABM).

Data Analysis Process

The data analysis process in this study involved collecting data through observations and documentation from individuals responsible for or involved in activities related to the implementation of Activity-Based Management (ABM). According to Hansen and Mowen (2017), ABM is an integrated and comprehensive approach that focuses management's attention on activities performed with the objective of increasing customer value and the profits generated from providing that value.

RESEARCH RESULTS AND DISCUSSION

Research Results

Production Cost Realization in 2024

Table 1 CV Feljen Jaya (Sedap Jaya) Production Costs in 2024

Description	Amount (IDR)
Raw Material Costs	500,000,000
Labor Costs	100,000,000
Factory Overhead Costs	474,300,000
Total Production Costs	1,074,300,000

Source: CV Feljen Jaya (Sedap Jaya)

a. Raw Material Costs

The primary raw material costs at CV Feljen Jaya (Sedap Jaya) include wheat flour, granulated sugar, eggs, yeast, margarine, milk, and additional ingredients such as chocolate and cheese. In 2024, the total expenditure incurred for the purchase of raw materials amounted to IDR 500,000,000.

b. Labor Costs

Direct labor costs include the salaries of production employees who are directly or indirectly involved in the bread-making process. CV Feljen Jaya (Sedap Jaya) employs 25 workers who receive monthly salaries and allowances. The total labor cost recorded in 2024 amounted to IDR 100,000,000.

c. Factory Overhead Costs

Factory overhead costs at CV Feljen Jaya (Sedap Jaya) consist of electricity expenses, gas expenses, water expenses, and other supporting supplies required for the production process. The total factory overhead cost incurred in 2024 amounted to IDR 474,300,000.

Activities at CV Feljen Jaya (Sedap Jaya)

1. Raw Material Inspection

The first activity carried out is raw material inspection. This activity involves inspecting the quality of flour and yeast before use to ensure that there is no contamination or defect. It is performed manually by employees using simple methods such as visual observation and touch. The objective is to ensure the quality of raw materials, which significantly affects subsequent production processes. This activity is crucial for maintaining the smooth operation of the production process because bread quality largely depends on the quality of the ingredients used. The total cost incurred for this activity is IDR 3,100,000.

2. Initial Dough Quality Inspection

This process includes testing the texture and consistency of the dough after the initial mixing stage to ensure compliance with quality standards. It is carried out by employees using simple tools such as spatulas and visual inspection. The objective is to verify dough quality before proceeding to the next stage. The total cost incurred for this activity is IDR 6,200,000.

3. Bread Dough Mixing Process

This process utilizes a manual mixer machine to combine flour, yeast, water, and other ingredients into a homogeneous dough. It is performed by trained employees for approximately 20–40 minutes. The objective is to create the base dough for bread production. The total cost of this activity is IDR 7,000,000.

4. Ice Addition to Bread Dough

This activity involves adding ice to the dough to control its temperature during the mixing process. The ice is manually incorporated into the mixer. The objective is to maintain dough elasticity during processing. The cost incurred for this activity is IDR 4,100,000.

5. Dough Fermentation Process

This activity involves allowing the dough to rest in a temperature-controlled room (approximately 30°C) for 3–4 hours to enable yeast fermentation. The process occurs naturally without the use of advanced equipment. The objective is to allow the dough to develop through fermentation. The total cost incurred for this activity is IDR 3,100,000.

6. Dough Shaping Process

This process involves shaping the dough into white bread or sweet bread using hands or simple tools such as rolling pins. It is performed by skilled workers within 5–10 minutes per batch. The objective is to shape the dough according to product specifications. The estimated total cost of this activity is IDR 12,200,000.

7. Dough Proofing Process

This activity involves the second-stage fermentation of the dough at a warm temperature (30–35°C) for 30–60 minutes before baking. It is performed manually with basic environmental control. The objective is to allow the dough to expand further. The estimated total cost of this activity is IDR 9,300,000.

8. Filling Process for Sweet Bread

This process involves adding fillings such as chocolate and cheese into sweet bread dough using piping bags or spoons. The activity is performed manually. The objective is to provide flavor and texture variations in sweet bread products. The estimated total cost of this activity is IDR 10,700,000.

9. Baking Process for White Bread and Sweet Bread

This activity involves baking the dough in a traditional oven at a temperature of 180–200°C for 15–20 minutes. It is carried out by employees under manual supervision. The objective is to transform the dough into fully baked bread ready for consumption. The estimated total cost of this activity is IDR 7,500,000.

10. Bread Cooling Process

This process allows the baked bread to cool on racks for 1–2 hours to stabilize its texture and prevent damage. It is carried out naturally without specialized equipment. The objective is to ensure that the bread reaches optimal condition before packaging. The estimated total cost of this activity is IDR 3,100,000.

11. White Bread Slicing Process

This activity involves slicing white bread using a simple slicing machine. It is performed by employees within 5–10 minutes per batch. The objective is to prepare the bread for more convenient packaging. The estimated total cost of this activity is IDR 3,050,000.

12. Retort Packaging Sterilization Process

This process involves cleaning and sterilizing packaging materials using simple equipment such as hot steam before packaging. It is carried out manually to ensure hygiene and cleanliness. The objective is to maintain food safety during storage. The estimated total cost of this activity is IDR 3,100,000.

13. Labeling of Bread Packaging

This activity involves manually attaching product information labels, such as expiration dates and ingredient compositions, using stickers. It is performed by employees after the packaging process. The objective is to comply with regulatory requirements and provide product information to consumers. The estimated total cost of this activity is IDR 3,050,000.

14. Bread Packaging Process

This process involves placing finished bread products into final packaging materials. The objective is to protect the bread from contamination, maintain product freshness, and facilitate handling before distribution. The estimated total cost of this activity is IDR 3,025,000.

15. Transportation for Distribution

This activity includes loading packaged bread products into distribution vehicles, determining efficient delivery routes, and transporting products to stores or designated sales points. The objective is to ensure that bread products arrive at their destinations in good condition and on time. The estimated total cost of this activity is IDR 11,000,000.

Details of Activities at CV Feljen Jaya

CV Feljen Jaya employs 25 workers with a flat monthly salary of IDR 3,000,000 per employee. The company has a simple organizational structure and primarily relies on manual production processes, with the exception of the dough mixing machine and gas oven. There are no maintenance costs because equipment maintenance is handled internally by employees. Electricity costs amount to IDR 500,000 per week, while transportation costs are IDR 200,000 per day.

a. Manual Processes with Modifications

The use of a dough mixer and gas oven contributes additional utility costs. However, other activities, such as dough shaping and proofing, continue to be performed manually.

b. Maintenance Costs

No maintenance costs are incurred because maintenance activities are carried out by employees and are included in their salaries.

c. Working Period

- 25 working days per month
- 4 weeks per month

d. Overhead Costs

1. **Labor Costs**
    - 25 employees × IDR 3,000,000 = IDR 75,000,000

2. **Utility Costs**
    - Electricity = IDR 2,000,000
    - LPG Gas = IDR 1,500,000
    - Total Utilities = IDR 3,500,000
3. **Transportation Costs**
    - IDR 200,000 per day × 25 working days = IDR 5,000,000

Steps for Creating a Detail:

1. Activity Identification: 14 activities in the white/sweet bread process.

2. Data Collection: Using daily logs for work hours, electricity/water bills, and transportation receipts**.** Total monthly work hours: 25 employees x 8 hours/day x 25 days = 5,000 hours.

3. Cost Allocation:

a) Labor: Allocated based on estimated work hours per activity.

b) Utilities: Electricity to the machine activity, and 100% gas to the oven.

c) Transportation: 100% to activity 14.

4. Calculation:

a) Labor: (Activity Hours/total hours) x total labor cost.

b) Activity Utilities: Consumption ratio x total utility cost.

c) Transportation: 100% to activity 15.

Table 2 CV. Feljen Jaya (Sedap Jaya)
Factory Overhead Costs for Each Activity

NO	ACTIVITY	COST
1	Inspection of raw flour and yeast ingredients	3.100.000
2	Inspection of initial dough quality	6.200.000
3	Bread dough mixing process	7.000.000
4	Icing the bread dough	4.100.000
5	Bread dough fermentation process	3.100.000
6	*Dough shaping process*	12.200.000
7	*Dough proofing process*	9.300.000
8	Filling process for sweet bread	10.700.000
9	Oven baking process for white and sweet bread	7.500.000
10	Bread cooling process	3.100.000
11	Bread slicing process	3.050.000
12	Retort packaging sterilization process	3.100.000
13	Labeling bread packaging	3.050.000

14	Packaging process	3.025.000
15	Transportation for distribution	11.000.000
TOTAL		89.525.000

Source: CV. Feljen Jaya (Sedap Jaya)

DISCUSSION

Initial Conditions of Cost Management at CV Feljen Jaya (Sedap Jaya)

Activity-Based Management (ABM) is an integrated and comprehensive approach that focuses management attention on various company activities, with the goal of increasing customer value while maximizing profits. This is because profit is an external factor whose amount cannot be determined with certainty. Therefore, companies tend to optimize control over internal factors as a strategy to increase profits, one of which is through the implementation of Activity-Based Management. This approach is also implemented by CV Feljen Jaya (Sedap Jaya) in managing its production activities. Cost management at CV Feljen Jaya (Sedap Jaya) still uses a traditional approach, which allocates overhead costs based on the number of production units, without identifying the activities that consume resources. According to Hansen & Mowen (2000), this traditional approach is often inaccurate because it fails to consider that each product or operational process requires different activities with varying intensity. For example, products requiring more complex processing may receive the same overhead allocation as simpler products. This makes it difficult for companies to clearly identify which activities truly benefit products or customers and which simply waste costs.

At CV Feljen Jaya, this is reflected in the packaging labeling activity, which is not optimally managed but not identified as a problem because it is recorded as a component of general overhead costs. Research revealed that this activity does not add value because labeling can be performed entirely by employees already assigned to packaging activities. This situation indicates that the company's cost management efficiency still needs significant improvement, considering that a significant portion of its revenue must be allocated to cover various operational expenses.

Implementation of the Activity-Based Management Method at CV. Feljen Jaya (Sedap Jaya)

1. Activity Analysis

The activities at the CV Feljen Jaya (Sedap Jaya) Bread Factory consist of several main, interrelated stages that determine the quality of the bread produced. These activities begin with the inspection of raw flour and yeast from suppliers, all the way through to distribution to consumers. The first stage is the inspection of raw flour. This activity involves inspecting the quality of the flour and yeast before use to ensure there is no contamination or defects. This is performed manually by employees using simple methods such as observation and touch. The goal is to ensure the quality of the initial raw materials, which influences subsequent processes. This activity is crucial for ensuring the availability of quality raw materials, which in turn impact the taste and texture of the bread. Next, the initial dough quality inspection is conducted. This process

involves testing the texture and consistency of the dough after the initial mixing to ensure it meets standards. This is carried out by employees using simple tools such as spatulas and visual inspection. The goal is to verify the quality of the dough before the next stage.

Next, the icing of the bread dough involves adding ice to the dough to control the temperature during mixing. This is done manually by mixing the ice into the mixer. The goal is to maintain the elasticity of the dough during processing. Then comes the bread dough mixing process, which uses a manual mixer to mix flour, yeast, water, and other ingredients into a homogeneous dough. This is done by trained employees for 20-40 minutes. The goal is to create a dough base for the bread. Next comes the bread dough fermentation process, which allows the dough to rest in a temperature-controlled room (around 30°C) for 3-4 hours to allow the yeast to work. The goal is to allow the dough to develop through fermentation. The risen dough is then shaped according to the product type, whether it is white bread or chocolate and cheese filled bread. This is done by skilled workers in 5-10 minutes per batch with the goal of shaping the dough according to the product design. Next comes the dough development process, which involves a second rise of the dough at a warm temperature (30-35°C) for 30-60 minutes before baking. This is done manually with simple environmental settings. The goal is to allow the dough to rise further. Then comes the filling process for sweet breads, which involves adding fillings such as chocolate and cheese to the bread dough using a syringe or spoon, which is done manually.

1. Driver Analysis (Root Cause)

After analyzing the activities in this stage, the next step is to identify the root cause of a problem, namely the cost drivers of the activity, with the aim of determining the primary factors that trigger the problem. Activities can be divided into two categories: value-added activities, which are steps that directly change the product's form, taste, or function, thereby adding value for which customers are willing to pay. Non-value-added activities, which are activities that do not directly change the product, such as inspection, waiting, or transportation, often create waste even though they may be necessary for operations.

Table 3CV Feljen Jaya (Sedap Jaya) Value-Added and Non-Value-Added Activities

No.	Activity	Value-Added	Non-Value-Added
1	Raw Material Inspection	✓	
2	Initial Dough Quality Inspection	✓	
3	Bread Dough Mixing Process	✓	
4	Ice Addition to Bread Dough	✓	
5	Dough Fermentation Process	✓	
6	Dough Shaping Process	✓	

7	Dough Proofing Process	✓	
8	Filling Process for Sweet Bread	✓	
9	Baking Process for White Bread and Sweet Bread	✓	
10	Bread Cooling Process	✓	
11	White Bread Slicing Process	✓	
12	Retort Packaging Sterilization Process	✓	
13	Labeling of Bread Packaging		✓
14	Bread Packaging Process	✓	
15	Transportation for Distribution	✓	

Source: Processed Data

Analysis of Value-Added and Non-Value-Added Activities

Based on Table 3, most activities carried out at CV Feljen Jaya (Sedap Jaya) are classified as **value-added activities** because they directly contribute to product quality, production efficiency, customer satisfaction, and the overall value delivered to consumers. These activities include raw material inspection, dough quality inspection, dough mixing, fermentation, shaping, proofing, filling, baking, cooling, slicing, packaging sterilization, packaging, and product distribution.

However, the **labeling of bread packaging** is identified as a **non-value-added activity**. Although labeling is necessary for regulatory compliance and product information purposes, it does not directly alter the physical characteristics, quality, taste, or functionality of the bread from the customer's perspective. Therefore, within the Activity-Based Management (ABM) framework, this activity is categorized as non-value-added.

The identification of non-value-added activities provides management with opportunities to improve efficiency by simplifying, automating, or reducing the resources allocated to these activities without compromising product quality. Through the implementation of Activity-Based Management, CV Feljen Jaya (Sedap Jaya) can focus on optimizing value-added activities while minimizing the time and costs associated with non-value-added activities, thereby improving overall production cost efficiency.

Classification of Value-Added and Non-Value-Added Activities

a. Raw Material Inspection (Value-Added)

This activity is classified as value-added because it ensures that the materials used are of high quality, thereby contributing to a superior final product.

b. Initial Dough Quality Inspection (Value-Added)

This inspection is important to ensure that the dough has the proper consistency, elasticity, and is free from contamination. High-quality dough will produce bread that rises properly and has the desired texture.

c. Bread Dough Mixing Process (Value-Added)

Proper mixing ensures that all ingredients are evenly blended and that gluten develops correctly. Well-developed gluten provides structure to the bread, making it elastic and capable of retaining the gas produced during fermentation.

d. Ice Addition to Bread Dough (Value-Added)

The addition of ice helps control dough temperature. Maintaining the appropriate temperature promotes optimal fermentation, resulting in bread with desirable taste and aroma. Ice also prevents the dough from overheating and drying out, while preserving moisture content, which contributes to a soft texture and proper expansion during proofing.

e. Dough Fermentation Process (Value-Added)

Fermentation is a key process in bread making. Yeast converts sugar into carbon dioxide, causing the dough to rise. This process also produces compounds that contribute to the distinctive flavor and aroma of bread.

f. Dough Shaping Process (Value-Added)

Dough shaping determines the final form of the bread. The correct shape influences both the baking process and the product's appearance. Bread with an attractive shape is generally more appealing to consumers.

g. Dough Proofing Process (Value-Added)

Proofing is the second fermentation stage after the dough has been shaped. This process allows the dough to expand further, producing bread that is lighter and has a more desirable porous structure.

h. Filling Process for Sweet Bread (Value-Added)

The filling process provides variations in flavor and texture for sweet bread products. High-quality and flavorful fillings enhance the attractiveness and value of the product.

i. Baking Process for White Bread and Sweet Bread (Value-Added)

Baking is the cooking process of bread production. Appropriate baking temperature and duration result in bread that is fully baked, with a golden-brown color, a crisp exterior, and a soft interior.

j. Bread Cooling Process (Value-Added)

Proper cooling prevents bread from becoming soggy or moldy. This process helps maintain the bread's texture and prevents excessive dryness.

k. White Bread Slicing Process (Value-Added)

Slicing white bread into uniform pieces makes it easier for consumers to consume and utilize the product. This increases convenience and enhances product value.

l. Retort Packaging Sterilization Process (Value-Added)

Packaging sterilization is essential for products that require an extended shelf life without excessive use of preservatives. This activity ensures food safety and expands market reach.

m. Labeling of Bread Packaging (Non-Value-Added)

This activity is classified as non-value-added because it results in additional time and cost without directly enhancing the product from the customer's perspective. It is recommended that this activity be integrated with the packaging process to reduce unnecessary time and cost expenditures.

n. Bread Packaging Process (Value-Added)

This activity is value-added because it protects bread from damage and contamination while maintaining freshness during storage and distribution. Effective packaging also improves product appearance and ease of use, thereby increasing value for consumers.

o. Transportation for Distribution (Value-Added)

This activity is value-added because it ensures that bread products reach consumers in good condition and on time. Efficient distribution preserves product freshness and satisfies market demand, making it an important component of delivering value to customers who cannot obtain the product directly from the production facility.

Cost Reduction Through the Elimination of Non-Value-Added Activities

After identifying which activities are value-added and non-value-added, it becomes necessary to reduce costs by eliminating expenditures associated with activities that do not contribute value to the product. At CV Feljen Jaya (Sedap Jaya), the activity identified as non-value-added is the labeling of bread packaging.

This activity contributes to unnecessary time consumption and additional costs. As an alternative, the labeling process could be replaced with direct package printing (screen printing), which is more cost-effective. By implementing this alternative, employees previously assigned to labeling activities could allocate more time to bread packaging operations, thereby increasing productivity and operational efficiency.

The following table presents the activity performance measurement, in which the identified non-value-added activity will be evaluated for elimination.

Table 4 CV Feljen Jaya (Sedap Jaya)
Value-Added and Non-Value-Added Activities

No.	Activity	Value-Added Cost (IDR)	Non-Value-Added Cost (IDR)	Activity Cost (IDR)
1	Raw Material Inspection	3,100,000	-	3,100,000
2	Initial Dough Quality Inspection	6,200,000	-	6,200,000
3	Bread Dough Mixing Process	7,000,000	-	7,000,000
4	Ice Addition to Bread Dough	4,100,000	-	4,100,000
5	Dough Fermentation Process	3,100,000	-	3,100,000
6	Dough Shaping Process	12,200,000	-	12,200,000
7	Dough Proofing Process	9,300,000	-	9,300,000
8	Filling Process for Sweet Bread	10,700,000	-	10,700,000
9	Baking Process for White Bread and Sweet Bread	7,500,000	-	7,500,000
10	Bread Cooling Process	3,100,000	-	3,100,000
11	White Bread Slicing Process	3,050,000	-	3,050,000
12	Retort Packaging Sterilization Process	3,100,000	-	3,100,000
13	Labeling of Bread Packaging	-	3,050,000	3,050,000
14	Bread Packaging Process	3,025,000	-	3,025,000
15	Transportation for Distribution	11,000,000	-	11,000,000
Total		86,475,000	3,050,000	89,525,000
Percentage		96.6%	3.4%	100%

Source: Processed Data

Analysis of Value-Added and Non-Value-Added Activity Costs

Table 4 shows the classification of activity costs at CV Feljen Jaya (Sedap Jaya) based on the Activity-Based Management (ABM) approach. The analysis indicates that the majority of the company's activities are categorized as value-

added activities, accounting for IDR 86,475,000 or 96.6% of total activity costs. These activities directly contribute to product quality, production efficiency, and customer satisfaction.

The largest value-added cost is associated with the Dough Shaping Process, amounting to IDR 12,200,000, followed by Transportation for Distribution at IDR 11,000,000 and the Filling Process for Sweet Bread at IDR 10,700,000. These activities play a significant role in determining product quality and ensuring that products reach customers in a satisfactory condition.

Meanwhile, the only activity classified as a non-value-added activity is the Labeling of Bread Packaging, with a cost of IDR 3,050,000, representing 3.4% of the total activity cost. Although labeling is necessary for regulatory compliance and product identification, it does not directly enhance the quality, functionality, taste, or physical characteristics of the bread from the customer's perspective.

From an Activity-Based Management perspective, the elimination or improvement of non-value-added activities can contribute to greater operational efficiency. In this case, the labeling process could be integrated into the packaging stage through the use of pre-printed packaging or direct screen-printing techniques. Such an approach would reduce labor requirements, shorten processing time, and lower operating costs.

Meanwhile, only 3.4% of the total cost (IDR 3,050,000) falls into the category of non-value-added activities, namely the labeling of bread packaging. This classification is based on the definition that the activity does not alter the physical characteristics or core quality of the product. Nevertheless, the activity still serves an important role as a mandatory component in providing customer information, including product composition, usage instructions, and shelf life.

3. Activity Performance Measurement

The next stage is activity performance measurement, in which non-value-added activities are evaluated for possible elimination.

Table 5 CV Feljen Jaya (Sedap Jaya)
Value-Added and Non-Value-Added Cost Report for 2024

No.	Activity	Value-Added Cost (IDR)	Non-Value-Added Cost (IDR)	Activity Cost (IDR)
1	Raw Material Inspection	37,200,000	-	37,200,000
2	Initial Dough Quality Inspection	74,400,000	-	74,400,000
3	Bread Dough Mixing Process	84,000,000	-	84,000,000
4	Ice Addition to Bread Dough	49,200,000	-	49,200,000
5	Dough Fermentation Process	37,200,000	-	37,200,000

6	Dough Shaping Process	146,400,000	-	146,400,000
7	Dough Proofing Process	111,600,000	-	111,600,000
8	Filling Process for Sweet Bread	128,400,000	-	128,400,000
9	Baking Process for White Bread and Sweet Bread	90,000,000	-	90,000,000
10	Bread Cooling Process	37,200,000	-	37,200,000
11	White Bread Slicing Process	36,600,000	-	36,600,000
12	Retort Packaging Sterilization Process	37,200,000	-	37,200,000
13	Labeling of Bread Packaging	-	36,600,000	36,600,000
14	Bread Packaging Process	36,300,000	-	36,300,000
15	Transportation for Distribution	132,000,000	-	132,000,000
Total		1,037,700,000	36,600,000	1,074,300,000
Percentage		96.60%	3.40%	100%

Source: Processed Data

Based on the previous analysis of production activities at CV Feljen Jaya, this stage involves performance measurement to evaluate and potentially eliminate non-value-added activities in order to improve operational efficiency. The total monthly overhead cost of IDR 89,525,000 multiplied by 12 months results in an annual cost of IDR 1,074,300,000.

Table 6 CV Feljen Jaya (Sedap Jaya)
Production Costs Before and After the Implementation of Activity-Based Management (ABM) in 2024

Description	**Before (IDR)**	**After (IDR)**	**Difference (IDR)**
Raw Material Costs	500,000,000	500,000,000	-
Labor Costs	100,000,000	100,000,000	-
Factory Overhead Costs	474,300,000	437,700,000	36,600,000
Total Production Costs	1,074,300,000	1,037,700,000	36,600,000

Source: Processed Data

CONCLUSIONS

Based on the research conducted at CV Feljen Jaya (Sedap Jaya), it can be concluded that there is one non-value-added activity, namely the labeling of bread packaging. Based on the analysis of the production process at CV Feljen Jaya, the labeling activity should be integrated into the packaging process or replaced with a more cost-effective alternative, such as direct screen printing. This would allow employees previously assigned to labeling tasks to focus on packaging a larger quantity of bread products.

Prior to the implementation of Activity-Based Management (ABM), the company's total production cost amounted to IDR 1,074,300,000. After the implementation of ABM, total production costs decreased to IDR 1,037,700,000. The application of Activity-Based Management resulted in an efficiency improvement of 3.40%, generating cost savings of IDR 36,600,000. These savings demonstrate the effectiveness of ABM in reducing operational waste and improving cost efficiency.

RECOMMENDATIONS

Based on the findings and conclusions of this study, the author would like to provide several recommendations that may be beneficial for CV Feljen Jaya (Sedap Jaya) and future researchers in considering the implementation of Activity-Based Management:

1. Recommendations for CV Feljen Jaya (Sedap Jaya)

CV Feljen Jaya (Sedap Jaya) is encouraged to adopt the Activity-Based Management (ABM) approach to improve operational efficiency and optimize production costs. This method is effective in identifying value-added and non-value-added activities, enabling the company to reduce costs associated with less productive activities and achieve greater efficiency.

In addition, the company is advised to establish a clear vision and mission. A well-defined vision provides strategic direction for the company’s growth and development, while a strong mission guides the implementation of concrete actions required to achieve organizational objectives.

2. Recommendations for Future Researchers

Future researchers may explore the effectiveness of Activity-Based Management (ABM) implementation in small and medium-sized enterprises (SMEs) such as CV Feljen Jaya, with a particular focus on measuring its impact on cost efficiency and productivity. Further studies may also examine how the formulation of a strong organizational vision and mission can support the successful implementation of ABM in achieving strategic business goals.

Additionally, comparative studies across different industries or longitudinal research approaches that assess the long-term sustainability of ABM implementation may provide more comprehensive insights and practical recommendations for organizations seeking to improve operational performance and cost management.

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