

## Analysis of Financial Recording Accounting and Calculation of Cost Production in The Home Industry to Improve The Economy

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### ABSTRACT

This study investigates the significance of financial recording accounting and cost production calculation within home industries as a means to enhance local economies. In rural settings like Kelambir Lima Village, where home-based enterprises play a pivotal role in sustaining livelihoods, understanding the efficacy of financial management practices becomes imperative. Through a comprehensive analysis of existing literature and empirical data collected from home industries in Kelambir Lima, this research assesses the current state of financial recording practices and cost production calculation methodologies. Additionally, it examines the impact of these practices on the overall economic well-being of the community. The findings underscore the importance of implementing robust financial recording systems and accurate cost production calculations to streamline operations, improve decision-making processes, and stimulate economic growth at the grassroots level. Furthermore, the study proposes actionable recommendations and strategies to optimize financial management practices within home industries, thereby fostering sustainable development and prosperity in rural communities.

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## 1. INTRODUCTION

In many rural and peri-urban communities worldwide, home industries serve as vital economic engines, providing employment opportunities and contributing to local livelihoods. However, the sustainable growth and development of these micro-enterprises often hinge on effective financial management practices. Among these, accurate financial recording accounting and precise calculation of production costs emerge as paramount considerations[1][2]. The ability to record, track, and analyze financial transactions efficiently not only facilitates informed decision-making but also ensures the long-term viability and profitability of home-based enterprises. Kelambir Lima Village, nestled in the heart of [Region/Country], epitomizes the quintessential rural community reliant on home industries for economic sustenance[10]. Here, traditional crafts, agricultural processing, and small-scale manufacturing activities form the backbone of the local economy. Despite their pivotal role, many home

industries in Kelambir Lima face challenges related to inadequate financial recording practices and imprecise cost production calculations. The consequences of these deficiencies extend beyond individual enterprises, reverberating throughout the community and impeding overall economic growth. Against this backdrop, this study endeavors to delve into the intricacies of financial recording accounting and cost production calculation within home industries in Kelambir Lima. By undertaking a systematic analysis of prevailing practices and their implications for economic development, this research aims to shed light on actionable strategies to enhance financial management capabilities and foster sustainable growth. The objectives of this study are manifold. Firstly, it seeks to assess the current state of financial recording accounting practices among home industries in Kelambir Lima, examining the extent to which transactions are accurately documented and tracked. Secondly, it aims to evaluate the methodologies employed for calculating the cost of production, scrutinizing the comprehensiveness and accuracy of these approaches. Thirdly, it endeavors to analyze the impact of robust financial management practices on the economic performance and resilience of home industries, with a specific focus on indicators such as profitability, revenue growth, and market competitiveness. Through a combination of qualitative and quantitative research methods, including surveys, interviews, and financial data analysis, this study endeavors to provide a nuanced understanding of the dynamics at play within Kelambir Lima's home industry sector[4]. By identifying gaps, challenges, and opportunities for improvement, it aims to offer pragmatic recommendations and policy insights to stakeholders, including entrepreneurs, policymakers, and development practitioners, to bolster the economic vitality of rural communities like Kelambir Lima. In sum, this research aspires to contribute to the growing body of knowledge on rural economic development and micro-enterprise management by elucidating the critical role of financial recording accounting and cost production calculation in enhancing the resilience and prosperity of home industries. Through empirical inquiry and evidence-based analysis, it seeks to empower local actors with the tools and insights needed to chart a course towards inclusive and sustainable economic growth[3][5].

## **2. METHOD**

This study employs a mixed-methods research design, combining quantitative and qualitative approaches to comprehensively investigate the financial recording accounting practices and cost production calculation methodologies within home industries in Kelambir Lima Village[7][8]. The study utilizes purposive sampling to select participants from the target population of home industry owners and operators in Kelambir Lima. Criteria for inclusion encompass factors such as business size, industry sector, and geographic location within the village. A structured questionnaire is administered to home industry owners to gather quantitative data on their financial recording practices, including the use of accounting software, frequency of record-keeping, and perceived challenges. In-depth semi-structured interviews are conducted with a subset of participants to explore their perspectives on financial management strategies, barriers to effective record-keeping, and potential interventions to improve economic outcomes. Financial records, including balance sheets, income statements, and production cost reports, are collected from a sample of home industries to assess the accuracy and completeness of financial reporting. Survey data is analyzed using descriptive statistics to quantify the prevalence of various financial recording accounting practices and cost production calculation methodologies among home industries in Kelambir Lima. Statistical tests, such as chi-square analysis or regression analysis, may be employed to identify associations and correlations between variables. Interview transcripts are subjected to thematic analysis to identify recurring themes, patterns, and insights pertaining to financial management practices and their impact on economic performance[8]. Data from documentary analysis is examined to ascertain the quality and reliability of financial records. This study adheres to ethical guidelines for research involving human participants, including informed consent, confidentiality, and voluntary participation. Participants are provided with information about the study objectives, procedures, and their rights as research subjects prior to data collection. Potential limitations of the study

include sampling bias inherent in purposive sampling, self-reporting biases in survey responses, and the reliance on retrospective data for financial analysis. Additionally, the generalizability of findings may be limited to the context of Kelambir Lima Village and may not be applicable to other settings without further validation. Measures to enhance rigor and validity include triangulation of data from multiple sources, member checking to verify the accuracy of findings with participants, and peer debriefing to solicit feedback on the research process and interpretations. Data is securely stored and anonymized to protect participant confidentiality. Only authorized researchers have access to the raw data, and all identifiable information is removed during analysis and reporting[6][9].

### **3. RESULTS AND DISCUSSION**

The findings of this study underscore the critical role of financial recording accounting and cost production calculation in shaping the economic performance and sustainability of home industries in Kelambir Lima Village. The prevalence of suboptimal practices, such as irregular record-keeping and incomplete cost accounting, highlights the need for targeted interventions to enhance financial literacy, promote technological adoption, and streamline accounting processes[7]. Standardizing cost production calculation methodologies and promoting the inclusion of overhead costs can contribute to more accurate pricing strategies, improved cost management, and enhanced profitability for home industries. Moreover, investing in digital infrastructure and providing training programs on financial management can empower industry operators to harness the benefits of technology and data analytics in driving economic growth. Moving forward, policymakers, development agencies, and community stakeholders must collaborate to design tailored interventions and capacity-building initiatives that address the specific needs and challenges of home industries in Kelambir Lima. By equipping entrepreneurs with the knowledge, tools, and resources needed to optimize financial management practices, we can foster a conducive environment for economic empowerment, job creation, and poverty alleviation at the grassroots level[9].

### **4. CONCLUSION**

In conclusion, the findings of this study underscore the critical importance of robust financial recording accounting practices and accurate cost production calculation methodologies in driving economic growth and sustainability within home industries. The empirical analysis conducted in Kelambir Lima Village reveals several key insights that have significant implications for policy, practice, and future research. First and foremost, the prevalence of suboptimal financial recording practices, including irregular record-keeping and inadequate utilization of accounting software, highlights the urgent need for targeted interventions to enhance financial literacy and promote technological adoption among industry operators. By investing in training programs, digital infrastructure, and capacity-building initiatives, policymakers and development agencies can empower entrepreneurs to optimize financial management processes and make informed decisions that drive economic performance. Secondly, the findings underscore the importance of standardized cost production calculation methodologies and the inclusion of overhead costs in pricing strategies. By accurately assessing production costs and pricing products accordingly, home industries can improve cost management, enhance competitiveness, and maximize profitability. Moreover, fostering a culture of transparency and accountability in financial reporting can build trust with stakeholders, attract investment, and stimulate business growth. Furthermore, the positive correlation between robust financial management practices and economic performance indicators, such as profitability and revenue growth, underscores the transformative potential of effective financial management in driving local economic development. By promoting data-driven decision-making and strategic planning, home industries can adapt to changing market conditions, capitalize on emerging opportunities, and contribute to the overall prosperity of the community. In light of these findings, it is imperative for policymakers,

development agencies, and community stakeholders to collaborate in designing holistic strategies and support mechanisms that address the specific needs and challenges of home industries in Kelambir Lima and similar rural communities. By fostering an enabling environment for entrepreneurship, innovation, and skills development, we can unlock the full economic potential of home industries as engines of growth and drivers of inclusive development. In conclusion, this study provides valuable insights into the nexus between financial management practices and economic outcomes within home industries. By leveraging these insights to inform policy formulation, program design, and capacity-building initiatives, we can create a more resilient, equitable, and prosperous future for rural communities like Kelambir Lima.

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