

Idle capacity and special-order profitability: A differential cost analysis on 88 Marijo Pinrang's Boneless Milkfish production

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Abstract

This study analyzes the application of differential cost analysis in the decision to accept or reject a special order at 88 Marijo Pinrang, a small-scale boneless milkfish producer, and evaluates whether the decision yields optimal profit. Using a descriptive quantitative approach, data were collected through interviews, direct observation, and documentation of production cost reports and sales records, and were analyzed following the Miles and Huberman model (data reduction, data display, and conclusion drawing/verification), with source triangulation applied to ensure data validity. The results show that the special order of 2,400 units (1,200 packages), priced at IDR 20,000 per package against a variable cost of IDR 14,646 per package, generated an additional differential profit of IDR 6,425,000, raising the company's total profit from IDR 12,250,000 to IDR 18,675,000. This outcome was possible because the company still had 2,400 units of idle production capacity, meaning the special order did not displace regular sales or create any opportunity cost. The findings confirm that differential cost analysis provides relevant, decision-useful information by isolating only the costs and revenues that change under each alternative, and that accepting a special order priced above variable cost is financially justified as long as idle capacity is available. This study offers practical guidance for micro and small food-processing enterprises in evaluating special order offers systematically rather than relying on intuition.

Keywords: differential cost analysis; special order decision; idle capacity; managerial accounting

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Introduction

In the era of rapid business development, companies are increasingly compelled to compete by implementing various strategies to attract consumers. In facing the challenges of an increasingly complex and competitive market environment, business entities are required to possess adaptive managerial capabilities, effective information systems, and data-driven decision-making strategies supported by accurate and reliable analysis in order to maintain business sustainability and enhance profitability. Under these circumstances, management is expected to have the ability to evaluate various decision alternatives and select the option that provides the greatest benefit to the company. Decisions should be based on accurate, relevant, and reliable information so that potential risks can be minimized and organizational objectives can be achieved optimally.

Managerial accounting is an accounting system that provides business information to support decision-making related to both financial and non-financial management activities. It delivers structured and relevant information for management to evaluate and improve company performance. Managerial accounting serves as a foundation for managers in planning, controlling, performance evaluation, and making both strategic and operational decisions. It emphasizes the relevance of future-oriented information, such as cost estimates and profit projections, to help improve the company's profitability. Furthermore, managerial accounting is not only concerned with presenting historical financial information but also provides forward-looking information that supports strategic and operational decision-making. The information generated through managerial accounting assists companies in determining appropriate actions to improve cost efficiency, maximize profits, and maintain competitiveness in the marketplace.

One of the most important types of information in managerial accounting is differential cost information. Differential cost refers to the difference in costs among various decision alternatives faced by management. It is closely related to opportunity costs, as these costs arise as a consequence of selecting one alternative over another in the decision-making process. Differential cost analysis is a decision-making tool that helps management evaluate whether a particular decision, especially regarding a special order, should be accepted or rejected. In determining whether to accept or reject a special order, management must

analyze the associated revenues, costs, and potential profits to ensure that the decision contributes positively to the company's financial performance.

The decision to accept or reject a special order requires careful consideration because it can have a direct impact on a company's profitability. A special order is a customer request that differs from regular orders in terms of quantity, price, delivery schedule, or product specifications. In managerial accounting, special orders are typically offered at prices lower than the normal selling price but involve large purchase volumes. Such requests often require special evaluation because they may affect the company's cost structure, production capacity, and pricing strategy. Although special orders may increase revenue in nominal terms, not all orders should be accepted without thorough analysis. Therefore, management must carefully assess the relevant costs and benefits to determine whether the order will generate additional profit and contribute positively to the company's overall financial performance.

Differential cost analysis is one of the tools that can be used to evaluate the feasibility of a special order. Through this analysis, management can compare the differential revenue with the differential costs incurred as a result of accepting the special order. If the differential revenue exceeds the differential costs, the special order can be accepted because it will generate additional profit for the company. Conversely, if the differential costs are greater than the differential revenue, the special order should be rejected because it may reduce the company's profit. Therefore, the application of differential cost analysis is essential in supporting rational, data-driven decision-making and ensuring that business decisions contribute positively to the company's financial performance.

Several previous studies have demonstrated that decisions regarding the acceptance or rejection of special orders must be evaluated based on the specific circumstances of each company, thereby requiring an appropriate differential cost analysis. Faqih et al. (2024) applied differential cost analysis to a small Indonesian culinary enterprise (UKM XYZ) facing a large-volume special order for a religious event, and found that accepting the order was the appropriate decision because it generated a higher net profit than regular sales alone. In a related study, Elma et al. (2024) examined a food-manufacturing company (PT Sathrusi Komoditi Indonesia) that used the least squares method to separate semi-variable costs

before analyzing a special order for 44,400 kg of chili powder, and found that accepting the order was the correct decision because it generated an additional differential profit of IDR 297,200,716, even though the special order price was below the company's normal selling price.

Based on the discussion above, a significant issue exists regarding the lack of a systematic application of differential cost analysis in decision-making related to the acceptance or rejection of special orders. In fact, differential cost analysis can provide relevant information concerning the revenues and costs associated with each decision alternative, enabling management to identify the most profitable course of action for the company. By focusing only on costs and revenues that change as a result of a particular decision, this analytical approach supports more effective and objective decision-making. Consequently, the implementation of differential cost analysis is essential for ensuring that managerial decisions are aligned with the company's goal of maximizing profitability and enhancing overall business performance.

Therefore, this study aims to analyze the application of differential cost analysis in the decision-making process of accepting or rejecting special orders at 88 Marijo Pinrang in order to determine whether the acceptance of special orders can generate additional profit and increase the company's overall profitability. This research is expected to serve as a consideration for the company in formulating policies related to the acceptance of special orders, as well as to contribute to the development of managerial accounting knowledge.

Literature review

Management accounting

Hajar I & Hajar N (2023) states that management accounting is a process that involves identifying, collecting, measuring, classifying, and reporting financial and non-financial information to internal users for planning, controlling, and decision-making within a company. In general, management accounting differs from financial accounting because it is more internally oriented and is used to support managerial decision-making at both strategic and operational levels. Its main focus includes cost analysis, budget control, profit analysis, and decision-making related to daily business activities as well as long-term business

Cost accounting

According to Wuryandini et al. (2025), cost accounting is the process of systematically recording, classifying, summarizing, and presenting costs related to the production of goods or services. Cost accounting consists of two words, namely accounting and cost. Accounting refers to the technique of recording, classifying, summarizing financial data, and presenting as well as interpreting financial information, while cost refers to the sacrifice made in the form of a reduction in assets or an increase in liabilities in the production process, measured in monetary units (Harahap et al., 2023).

Concept of cost

According to Iryanie and Handyani (2019), costs are a form of economic resource sacrifice measured in monetary terms, whether already incurred or potentially occurring for a specific purpose. Generally, costs are financial expenditures made by an entity to produce products and are used as a basis for making economic decisions. Cost behavior a pattern that shows the total costs vary with changes in business activity, a company's business activity can stay the same, increase, or decrease (Susanti et al., 2023).

Cost of goods manufactured

Cost of Goods Manufactured (COGM) refers to the total production cost, which includes direct raw material costs, direct labor costs, and manufacturing overhead costs. This amount is then added to the beginning work-in-process inventory and reduced by the ending work-in-process inventory. The calculation of COGM is used by companies as a basis for determining the total costs incurred during the production process. Production costs consist of several important components, namely direct raw material costs, direct labor costs, and manufacturing overhead costs (Mulyadi, 2020). According to Harahap and Tukino (2020) explain that the cost of goods manufactured (COGM) is the total accumulation of production costs incurred to convert raw materials into finished goods. The calculation of the cost of goods manufactured is intended to determine the production cost per unit and provides a basis for pricing decisions,

inventory valuation, and the measurement of a company's profitability. Production costs are composed of three main elements, namely: (1) direct raw material costs, (2) direct labor costs, and (3) manufacturing overhead costs.

Differential cost

According to Mowen et al. (2022), differential cost is defined as the cost that differs between alternative decisions faced by management. Therefore, only costs that change under each alternative are relevant in decision-making, while costs that remain unchanged are not considered in the analysis. Differential cost refers to costs that change as a result of variations in production levels, which may also affect fixed costs. It represents the difference in costs arising from different decision alternatives available to a company. This type of cost is often referred to as relevant cost (Ramdhani et al., 2020).

Differential accounting

According to Fatihudin and Firmansyah (2019), the decision-making process essentially involves selecting one alternative from several available options. Therefore, useful accounting information is information that highlights the differences among those alternatives. Differential accounting information is prepared to assist companies in choosing the most appropriate course of action compared to other alternative options (Sujarweni, 2025).

Analysis of differential cost in decision-making to accept or reject special orders

According to Garaika and Feriyana (2020), differential analysis is a decision-making model used to evaluate differences in assets, profits, and all costs associated with various alternative courses of action. Differential cost analysis is applied to the costs incurred or expected to be incurred by a company in its production activities. Through this analysis, information is obtained that can later be used by management in decision-making as a consideration for selecting the most beneficial alternative among the available options. The costs considered in differential cost analysis are relevant costs that will occur in the future.

Decision-making to accept or reject special orders

A special order is a request that is specific in nature and the activity is not carried out routinely in business operations by the company (Alfaried et al., 2023). In general, the decision to accept or reject special orders is part of a short-term managerial strategy aimed at maximizing profit without disrupting the company's main operations.

Method

This study employs a quantitative descriptive method. It aims to describe the research focus, namely the decision-making process in accepting or rejecting special orders, through the collection of primary data from the company.

The types of data used in this study include quantitative and qualitative data. (1) Quantitative data refers to data in numerical form that can be measured and calculated mathematically. In this study, quantitative data include raw material costs, direct labor costs, manufacturing overhead costs, production volume, selling price, revenue, and other data used in differential cost calculations for decision-making in accepting or rejecting special orders. (2) Qualitative data in this study include the company's brief history, organizational structure, production process, and information regarding company policies in accepting special orders. Qualitative data were obtained from interviews and are presented descriptively in the form of narratives, such as an overview of the company and its organizational structure provided by the business owner.

The data sources in this study consist of primary data and secondary data. Primary data refer to data and information obtained directly from the owner of 88 Marijo Pinrang. Primary data were collected through direct interviews, which provided a general description of the company and the problems occurring within the business. Meanwhile, secondary data refer to data and information obtained from company records and financial reports.

The data collection methods used in this study are as follows: 1. Observation, the purpose of observation in this study is to obtain data through direct observation of the object being studied. 2. Interview, interviews are a data collection method conducted through a list of questions asked directly to the informant, namely the owner of 88 Marijo Pinrang, in order to obtain information

regarding the general description of the company and matters related to the research. 3. Documentation, documentation is the process of collecting data through the examination of records or documents owned by the company.

The data analysis technique in this study uses the Miles and Huberman model of data analysis, which consists of three stages, namely:

1. Data reduction

Data Reduction refers to the process of selecting, focusing attention on, and simplifying the data obtained so that it can be analyzed more easily, as well as processing raw data collected from interviews, observations, and documentation. Data that is not relevant to the research focus is discarded, while important data is grouped based on themes such as production costs, special orders, differential costs, and the decision-making process.

2. Data presentation (data display)

Data Presentation is the process of organizing data into a form that is easy to understand. Data are presented in the form of narratives, tables, or matrices to make the relationships between data more visible. In this study, data presentation includes a summary of interview results, detailed cost tables, as well as descriptions of the production flow and the process of accepting special orders.

3. Conclusion drawing and verification

Conclusion Drawing and Verification refers to drawing conclusions based on patterns and findings observed from the presented data. The conclusions are not accepted immediately; instead, they are verified by comparing them with field data, interview results, company documents, and the consistency among findings. Verification is conducted continuously until the researcher is confident that the resulting conclusions are valid and can be accounted for.

To ensure the validity and reliability of the findings, this study applies data validity techniques. Data validity techniques refer to procedures used to test the level of truthfulness and credibility of the data obtained during the research. The data validity technique used in this study is source triangulation. Source triangulation is a method of testing data credibility by comparing and verifying information obtained from different sources to ensure the accuracy and consistency of the data.

Result and discussion

Results

The required data for this study are production cost data of 88 Marijo Pinrang for regular products and special orders in 2025.

Raw material costs

Table 1. Raw material costs of 88 Marijo Pinrang, December 2025

Description	Regular products	Special orders
Fresh Milkfish	4.800 fish X IDR 4.000	2.400 fish X IDR 4.000
Total Raw Material Costs	IDR 19.200.000	IDR 9.600.000
Total	IDR 28.800.000	

Source: 88 Marijo Pinrang, 2025

In Table 1, it is known that the total raw material costs incurred by 88 Marijo Pinrang for the December 2025 period amounted to IDR 28,800,000. The raw material cost for regular products was IDR 19,200,000, while the raw material cost for special orders was IDR 9,600,000. *Biaya*

Direct labor

Table 2. Direct labor costs of 88 Marijo Pinrang, December 2025

Description	Regular products	Special orders
Number of Employees	23 People	23 People
Direct Labor Costs	IDR 12.000.000	IDR 6.000.000
Total	IDR 18.000.000	

Source: 88 Marijo Pinrang, 2025

In Table 2, it is known that the direct labor costs incurred by 88 Marijo Pinrang for the December 2025 period amounted to IDR 18,000,000. The total expenditure was used to pay wages for workers involved in the regular production process amounting to IDR 12,000,000 and special order production amounting to IDR 6,000,000.

Manufacturing overhead costs

Table 3. Manufacturing overhead costs of 88 Marijo Pinrang, December 2025

Description	Regular products	Special orders
Packaging	IDR 1.200.000	IDR 600.000
Ice Blocks	IDR 500.000	IDR 250.000
Plastic Packaging	IDR 250.000	IDR 125.000
Styrofoam Boxes	IDR 500.000	IDR 250.000
Electricity	IDR 1.500.000	IDR 750.000
Indirect Labor Costs	IDR 10.500.000	-
Machine Maintenance	IDR 2.100.000	-
Total	IDR 16.550.000	IDR 1.975.000
Total overhead cost		IDR 18.525.000

Source: 88 Marijo Pinrang, 2025

In Table 3, it is shown that the factory overhead costs incurred by 88 Marijo Pinrang for the December 2025 period amounted to IDR 18,525,000 for regular products. The detailed costs consist of packaging costs of IDR 1,200,000, ice blocks of IDR 500,000, plastic packaging of IDR 250,000, styrofoam boxes of IDR 500,000, electricity costs of IDR 1,500,000, indirect labor costs of IDR 10,500,000, and machine maintenance costs of IDR 2,100,000.

Meanwhile, for special order products, the factory overhead costs include packaging costs of IDR 600,000, ice blocks of IDR 250,000, plastic packaging of IDR 125,000, styrofoam boxes of IDR 250,000, and electricity costs of IDR 750,000. Fixed costs, such as indirect labor and machine maintenance, are not allocated to special orders because these costs have already been charged to regular products. Therefore, only variable costs are considered. As a result, the total factory overhead cost for special orders at 88 Marijo Pinrang for the December 2025 period amounts to IDR 1,975,000.

Detailed production data of 88 Marijo Pinrang

Table 4. Detailed regular production of 88 Marijo Pinrang, December 2025

Description	Amount (IDR)	Amount (IDR)
Sales	2.400 Packaging X IDR 25.000	IDR 60.000.000
Fresh milkfish	4.800 Fish X IDR 4.000	IDR 19.200.000

Direct labor cost	4.800 Fish X IDR 2.500	IDR 12.000.000
Factory overhead cost		
Packaging	IDR 1.200.000	
Ice blocks	IDR 500.000	
Plastic packaging	IDR 250.000	
Styrofoam box	IDR 500.000	
Electricity	IDR 1.500.000	
Indirect labor cost	IDR 10.500.000	
Machine maintenance	IDR 2.100.000	
Total		IDR 16.550.000
Profit		IDR 12.250.000

Source: 88 Marijo Pinrang, 2025

Based on the regular production details of 88 Marijo Pinrang in December 2025 shown in Table 4, the company earned a profit of IDR 12,250,000. This profit was obtained from total sales of IDR 60,000,000. The December 2025 sales were generated from 2,400 packs of boneless milkfish sold at a price of IDR 25,000 per pack. The total sales were then reduced by variable costs and fixed costs to determine the net profit.

Table 5. Detailed production with special orders of 88 Marijo Pinrang, December 2025

Description	Amount (IDR)	Amount (IDR)
Sales	1.200 Packaging X IDR 20.000	IDR 24.000.000
Raw Material Cost		
Fresh Milkfish	2.400 Fish X IDR 4.000	IDR 9.600.000

Direct Labor Cost		
Employee Salaries	2.400 Fish X IDR 2.500	IDR 6.000.000
Factory Overhead Cost		
Packaging	IDR 600.000	
Ice Blocks	IDR 250.000	
Plastic Packaging	IDR 125.000	
Styrofoam Box	IDR 250.000	
Electricity	IDR 750.000	
Total		IDR 1.975.000
Profit		IDR 6.425.000

Source: 88 Marijo Pinrang, 2025

Based on the special order production details of 88 Marijo Pinrang for the December 2025 period presented in Table 5, the company earned a profit of IDR 6,425,000.

The profit was generated from total special order sales of IDR 24,000,000, which were obtained from the sale of 1,200 packages of boneless milkfish at a selling price of IDR 20,000 per package.

The total sales revenue was then reduced by variable costs and fixed costs to determine the profit earned from the special order production.

Discussion

Application of differential cost analysis in decision-making

The application of differential cost analysis in decision-making is a method used by companies to select the best alternative by comparing the differences in costs and revenues that arise from each available option.

Cost of goods manufactured

Table 6. Cost of goods manufactured, 88 Marijo Pinrang, December 2025

Description	Regular product	Special order
Raw Material Cost		
Fresh Milkfish	IDR 19.200.000	IDR 9.600.000
Direct Labor Cost		

Employee Salaries	IDR 12.000.000	IDR 6.000.000
Overhead Cost		
Packaging	IDR 1.200.000	IDR 600.000
Ice Blocks	IDR 500.000	IDR 250.000
Plastic Packaging	IDR 250.000	IDR 125.000
Styrofoam Boxes	IDR 500.000	IDR 250.000
Electricity	IDR 1.500.000	IDR 750.000
Fixed Costs		
Indirect Labor Cost	IDR 10.500.000	-
Machine Maintenance	IDR 2.100.000	-
Total Production Cost	IDR 47.750.000	IDR 17.575.000
Production of 88 Marijo Pinrang	4.800 Fish	2.400 Fish
Cost of Goods Manufactured	IDR 9.947,92	IDR 7.322,92

Source: processed data, 2026

Based on the calculation of the Cost of Goods Manufactured in Table 6, 88 Marijo Pinrang in December 2025 incurred variable costs of IDR 35,150,000 and fixed costs of IDR 12,600,000 for regular products, resulting in a total production cost of IDR 47,750,000. The cost details consist of raw material cost of IDR 19,200,000, direct labor cost of IDR 12,000,000, packaging cost of IDR 1,200,000, ice block cost of IDR 500,000, plastic packaging cost of IDR 250,000, styrofoam box cost of IDR 500,000, electricity cost of IDR 1,500,000, indirect labor cost of IDR 10,500,000, and machine maintenance cost of IDR 2,100,000. Meanwhile, for special orders, the total production cost amounted to IDR 17,575,000, consisting of raw material cost of IDR 9,600,000, direct labor cost of IDR 6,000,000, packaging cost of IDR 600,000, ice block cost of IDR 250,000, plastic packaging cost of IDR 125,000, styrofoam box cost of IDR 250,000, and electricity cost of IDR 750,000. The cost of goods manufactured per unit for regular products was recorded at IDR 9,947.92, while the cost of goods manufactured per unit for special orders was IDR 7,322.92.

Table 7. Cost of goods manufactured per product of 88 Marijo Pinrang, December 2025

Description	Amount (IDR)	Production	Cost per unit
Raw Material Cost			

Fresh Milkfish	IDR 28.800.000	7.200 Fish	IDR 4.000
Direct Labor Cos			
Employee Salaries	IDR 18.000.000	7.200 Fish	IDR 2.500
Factory Overhead Cost			
Packaging	IDR 1.800.000	7.200 Fish	IDR 250
Ice Blocks	IDR 750.000	7.200 Fish	IDR 104,17
Plastic Packaging	IDR 375.000	7.200 Fish	IDR 52,09
Styrofoam Boxes	IDR 750.000	7.200 Fish	IDR 104,17
Electricity	IDR 2.250.000	7.200 Fish	IDR 312,5
Indirect Labor Cos	IDR 10.500.000	-	-
Machine Maintenance	IDR 2.100.000	-	-

Source: processed data, 2026

Based on the calculation of unit cost per production in Table 7, it is known that the production cost per unit is as follows: fresh milkfish has a cost of IDR 4,000 per unit. Direct labor cost amounts to IDR 2,500 per unit. Meanwhile, factory overhead costs include packaging cost of IDR 250 per unit, ice block cost of IDR 104.17 per unit, plastic packaging cost of IDR 52.09 per unit, styrofoam box cost of IDR 104.17 per unit, and electricity cost of IDR 312.5 per unit.

Table 8. Cost of goods manufactured for regular products

Description	Cost per unit	Production	Amount (IDR)
Raw Material Cost			
Fresh Milkfish	IDR 4.000	4.800 Fish	IDR 19.200.000
Direct Labor Cost			
Employee Salaries	IDR 2.500	4.800 Fish	IDR 12.000.000
Factory Overhead Cost			
Packaging	IDR 250	4.800 Fish	IDR 1.200.000

Ice Blocks	IDR 104,17	4.800 Fish	IDR 500.000
Plastic Packaging	IDR 52,09	4.800 Fish	IDR 250.000
Styrofoam Boxes	IDR 104,17	4.800 Fish	IDR 500.000
Electricity	IDR 312,5	4.800 Fish	IDR 1.500.000
Indirect Labor Cost	-	-	IDR 10.500.000
Machine Maintenance	-	-	IDR 2.100.000
Cost of Goods Manufactured			
Regular Products			IDR 47.750.000
Total Production		4.800 fish	
Cost of Goods Manufactured per Unit			IDR 9.947,92

Source: processed data, 2026

Based on the data in Table 8, the total Cost of Goods Manufactured for regular products is recorded at IDR 47,750,000 with a total production of 4,800 units. Therefore, the cost of goods manufactured per unit is IDR 9,947.92. This indicates that the company incurred a total cost of IDR 47,750,000 to produce the regular products. The cost per unit is obtained by dividing the total production cost by the number of units produced. This information provides an overview of the total costs incurred and the production cost per unit for the regular products.

Table 9. Cost of goods manufactured for special order products

Description	Cost per unit	Production	Amount (IDR)
Direct Material Cost			
Fresh Milkfish	IDR 4.000	2.400 Fish	IDR 9.600.000
Direct Labor Cost			
Employee Salaries	IDR 2.500	2.400 Fish	IDR 6.000.000
Manufacturing Overhead Cost			
Packaging	IDR 250	2.400 Fish	IDR 600.000

Block Ice	IDR 104,17	2.400 Fish	IDR 250.000
Packaging Plastic	IDR 52,09	2.400 Fish	IDR 125.000
Styrofoam Boxes	IDR 104,17	2.400 Fish	IDR 250.000
Electricity	IDR 312,5	2.400 Fish	IDR 750.000
Total Cost of Goods Manufactured for Special Order	-	-	IDR 17.575.000
Production Quantity	-	-	2.400 fish
Cost of Goods Manufactured per Unit	-	-	IDR 7.322,92

Source: processed data, 2026

Based on the data presented in Table 9, the total cost incurred for the special order product amounted to IDR 17,575,000. The production quantity was 2,400 units, resulting in a cost of goods manufactured per unit of IDR 7,322.92. This indicates that 88 Marijo Pinrang spent a total of IDR 17,575,000 to produce the special order. The cost per unit was calculated by dividing the total production cost by the number of units produced. This information provides an overview of the cost structure and production cost associated with the special order.

Differential revenue and differential cost calculation

The differential revenue and cost table is a tool used to analyze business decisions by comparing the revenues and costs of two different alternatives or options.

Table 10. Comparison of differential revenue and differential costs

Description	Regular order	Special order	Difference
Milkfish Sales			
2.400 Packages X IDR 25.000	IDR 60.000.000	IDR 60.000.000	
1.200 Packages X IDR 20.000		IDR 24.000.000	
Total Revenue		IDR 84.000.000	IDR 24.000.000
Variable Costs	IDR 35.150.000	IDR 35.150.000	
Total Variable Costs		IDR 17.575.000	

		IDR 52.725.000	IDR 17.575.000
Fixed Costs	IDR 12.600.000	IDR 12.600.000	
Net Profit	IDR 12.250.000	IDR 18.675.000	IDR 6.425.000

Source: processed data, 2026

Based on the comparison of differential revenues and costs presented in Table 10, 88 Marijo Pinrang, with a regular order of 2,400 packages, generated revenue of IDR 60,000,000. The regular order incurred variable costs of IDR 35,150,000 and fixed costs of IDR 12,600,000, resulting in a net profit of IDR 12,250,000. In addition, the special order of 1,200 packages generated revenue of IDR 24,000,000. The special order incurred variable costs of IDR 17,575,000, resulting in a net profit of IDR 6,425,000. With the additional profit generated from the special order, 88 Marijo Pinrang earned a total profit of IDR 18,675,000 for the period of December 2025. Based on the revenue and cost calculations, 88 Marijo Pinrang made the correct decision in accepting the special order because the company obtained additional profit of IDR 6,425,000. Therefore, the special order contributed positively to the company's profitability without adversely affecting its regular operations.

Decision making on accepting or rejecting a special order based on differential cost analysis

The results of the differential cost analysis indicate that the additional profit generated from the special order, amounting to IDR 6,425,000, is greater than the additional costs incurred by 88 Marijo Pinrang. Therefore, the company's decision to accept the special order can be considered appropriate and acceptable, as it provides additional profit. Based on the results of the differential cost analysis, which show that accepting the special order generates additional profit for 88 Marijo Pinrang, further analysis is required to evaluate the feasibility and appropriateness of the special order price offered. This analysis is important to ensure that the special order not only contributes additional profit but also supports the company's long-term profitability and operational objectives.

1. Analysis of Special Order Price in Relation to Variable Cost per Unit

Based on the differential cost calculation of IDR 17,575,000, it is known that the special order price is IDR 20,000 per package, while the variable cost per unit incurred by the company to produce one package of boneless milkfish is IDR 14,646 per package. Therefore, the special order price remains above the variable cost per unit, with a difference of IDR 5,354 per package. This difference indicates that each unit of the special order still provides a positive contribution to the company's profit. As long as the selling price exceeds the variable cost per unit and the company has sufficient unused production capacity, accepting the special order can increase overall profitability by generating additional contribution margin and profit.

2. Minimum Acceptable Price (Break-Even Price) per Unit for a Special Order

In making special order decisions, the minimum acceptable price is the price that can cover all variable costs associated with the order. Based on the calculation results, the variable cost per unit of boneless milkfish is IDR 14,646 per package. Therefore, this amount can be considered the break-even price for the special order. If the offered price is below IDR 14,646 per package, the company will incur a loss because the revenue received will not be sufficient to cover the costs incurred. Therefore, the special order price accepted by 88 Marijo Pinrang, amounting to IDR 20,000 per package, is well above the minimum acceptable price. This indicates that the special order not only covers all variable costs but also provides a positive contribution margin, thereby increasing the company's profitability.

3. Implications When Production Capacity Is Fully Utilized

In this study, the company has a production capacity of 7,200 units of boneless milkfish. The regular product is sold at a price of IDR 25,000 per package. Of the total production capacity, 4,800 units (2,400 packages) have been utilized for regular orders, leaving an unused capacity of 2,400 units. Therefore, there is still idle production capacity of 2,400 units available. With this remaining capacity, the special order of 2,400 units (1,200 packages) can be fulfilled without reducing the company's regular production. This condition indicates that accepting the special order does not create any opportunity cost. Consequently, the decision of 88 Marijo Pinrang to accept the special order can be considered appropriate because it was made when the company

still had available production capacity, and the special order price was able to generate additional profit contribution for the company.

This result is consistent with Lestari et al. (2024), who similarly found that a small tempeh producer could accept a special order profitably precisely because the factory was operating below full capacity, meaning only variable production costs were relevant to the decision while fixed costs remained unaffected, reinforcing the principle that special orders are financially advantageous when idle capacity exists and the offered price still exceeds variable cost per unit.

Conclusion

This study demonstrates that differential cost analysis provides a systematic and relevant basis for deciding whether to accept or reject a special order at 88 Marijo Pinrang. By isolating only the costs that change between alternatives, raw materials, direct labor, and variable manufacturing overhead—while excluding unchanged fixed costs, the analysis produced more accurate information than a conventional full-cost comparison would allow.

The special order was financially justified: it generated an additional profit of IDR 6,425,000, increasing the company's total profit from IDR 12,250,000 to IDR 18,675,000, since the offered price (IDR 20,000 per package) remained well above both the variable cost per unit (IDR 14,646) and the break-even price. Critically, the decision did not incur any opportunity cost, as the order was fulfilled entirely from the company's 2,400 units of idle production capacity without reducing regular production. These findings reinforce the principle that a special order is worth accepting whenever its price exceeds variable cost and sufficient idle capacity exists, consistent with prior findings on small food-processing enterprises (e.g., Lestari et al., 2024; Elma et al., 2024).

Practically, this study suggests that micro and small enterprises adopt differential cost analysis as a routine decision-making tool when evaluating special order offers, rather than relying solely on intuition or nominal revenue comparisons. Since this research is limited to a single-case, single-period analysis, future studies are encouraged to examine differential cost decisions across multiple periods or compare several small enterprises to test the generalizability of these findings.

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