
TRAINING ON CALCULATION OF SALON SERVICE COSTS FOR PEOPLE WITH PHYSICAL DISABILITIES

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Abstract

Poverty and economic vulnerability are still significant issues, especially for groups of people with physical disabilities who experience physical limitations. The Riau Province Empowerment of People with Physical Disabilities UPT in Pekanbaru responded to this condition by providing various skills training, one of which is make-up and salon. Training in calculating the cost of salon services as a crucial element for people with physical disabilities who are engaged in this field. This training is relevant because: 1) Increases economic independence and social inclusion by opening up entrepreneurial paths amidst limited access to formal employment and reducing dependency; 2) Utilizes the potential of the stable and flexible salon industry market in Pekanbaru, especially through the home-based business model; 3) Ensures business sustainability through an essential understanding of cost to avoid losses, optimize profits, and facilitate financial planning and management; and 4) Supports local government programs in empowering MSMEs with disabilities. The training methods used are inclusive and adaptive, including interactive face-to-face sessions with visual demonstrations and group discussions, practical approaches through simulations and case studies, as well as guidance and mentoring. The expected outcomes of this training include increased knowledge of cost components and costing methods, business decision making, and increased independence and self-confidence to become entrepreneurs. This training is a strategic investment that equips people with physical disabilities in Pekanbaru to build profitable and sustainable salon businesses, while also encouraging broader social inclusion.

Keywords: Training; Cost of Services; Salon; Physical Disability.

Introduction

The achievement of population welfare in macro terms is seen from the level of poverty decline. However, despite the decline, there are still people who are vulnerable to falling into poverty. One of the vulnerable groups is people with physical disabilities. Physical disabilities are a condition in which a person experiences limitations, disorders, or delays in the physical ability to move, coordinate actions, or perform physical activities. These limitations can be caused by various factors, including congenital abnormalities, diseases, accidents, or other medical conditions. Based on data Socio-Economic Registration (Regsosek) of the Central Statistics Agency

(BPS) in 2023, the number of people with disabilities ranging from mild to severe in Riau reached 85,953 people (<https://ppid.riau.go.id/>, December 28, 2023).

The Riau Province Physical Disability Empowerment Unit in Pekanbaru (often also called the Pekanbaru Physical Disability Center) provides various skills training to improve the independence and competitiveness of people with physical disabilities. Common trainings provided include: 1) Makeup and Salon Training; 2) Sewing Training; 3) Entrepreneurial Strategy Training; 4) Computer Training; and 5) Guidance on Activities of Daily Living (ADL).

Training at the UPT does not only focus on technical skills alone, but is also supported by: 1) Social, Mental, and Physical Guidance: To ensure the overall welfare of the participants; 2) Bridging to Entrepreneurs: There are efforts to bridge people with physical disabilities who have participated in training with entrepreneurs who open business opportunities or internships; 3) Focus on Results and Independence: The goal is for people with physical disabilities to be independent and have a source of income.

One of the trainings provided by the Riau Province Physical Disability Empowerment Unit is Makeup and Salon Training, therefore training is needed regarding the calculation of the basic price of salon services, where this training has a very high urgency and importance, based on several factors, namely:

1. Increasing Economic Independence and Social Inclusion

- a. **Employment Challenges for People with Disabilities:** People with disabilities generally still face major challenges in obtaining formal employment. Although there are regulations on quotas for disabled workers, their implementation has not been optimal, and many companies have not met the quota. This means that access to formal employment is very limited for them.
- b. **Entrepreneurial Opportunities:** Amidst limited access to formal employment, entrepreneurship is a vital path to economic independence. The salon industry, with its flexibility and market potential, is a realistic option for people with physical disabilities who have an interest and skills in the beauty industry.
- c. **Reducing Dependence:** By having a sustainable business, people with physical disabilities can reduce their dependence on family or government assistance, improve their dignity and quality of life. This is in line with the local government's efforts to provide training and business capital for groups with disabilities in Pekanbaru.

2. Market Potential of Salon Industry in Pekanbaru

- a. **Stable Demand:** The salon and beauty business is a sector that is always needed by people at various economic levels. The need for hair, face and body care is part of a modern lifestyle, and Pekanbaru as a big city certainly has significant demand.
- b. **Opportunity Home Based Business:** For people with physical disabilities who may have limited mobility, opening a salon at home or offering home-based services is a very feasible business model. This minimizes rental costs and allows them to work in a familiar and comfortable environment.

3. The Essence of Cost of Goods Knowledge for Business Sustainability

- a. **Avoiding Losses:** Without a proper understanding of the cost price, people with disabilities as entrepreneurs are prone to setting prices that are too low. This

will lead to losses and ultimately business failure. In Pekanbaru, competition in the salon industry may be quite tight, so determining the right price is crucial.

- b. Profit Optimization: Knowing the cost price allows them to set a selling price that not only covers costs but also provides a reasonable profit margin. This profit is important for reinvestment, business development, and improving personal well-being.

4. Supporting Local Government Programs

The Pekanbaru City Government through the Social Service and the UMKM Cooperative Service has stated its commitment to provide training to people with disabilities in an effort to reduce poverty rates and increase UMKM empowerment. This basic price determination training is very relevant and supports the initiative, especially for people with physical disabilities who have or will enter the service sector such as salons.

Therefore, this training in calculating the basic cost of salon services is not just about providing technical skills, but also...strategic investment in providing people with physical disabilities in Pekanbaru with essential financial literacy which is very much needed to build and maintain a salon business profitable and sustainable, while supporting the goals of economic independence and broader social inclusion within society.

Method

Training on calculating the cost of salon services for people with physical disabilities must use inclusive, adaptive, and practical methods by considering possible physical limitations while still ensuring a deep understanding of business concepts. Here are some of the methods used in this training:

1. Interactive Face to Face Session

- a. Visual Demonstration: Uses infographics, clear slides, and video tutorials to explain the concepts of cost, cost components, and their calculations. Visualizations are especially helpful for participants who may have a visual learning style or have difficulty taking notes quickly.
- b. Group Discussion: Encourage discussion among participants to share experiences and insights. It also builds a sense of community and support.
- c. Open Q&A Session: Provide sufficient time for participants to ask questions and get clarification directly from the resource person.

2. Practical and Case Study Oriented Approach

- a. Salon Business Simulation: Create a mini salon simulation in class. Participants are asked to identify the costs that arise (for example, the price of shampoo, conditioner, electricity, water, hourly rent, employee salaries if any) and then calculate the basic price for various types of salon services (for example, haircuts, creambaths, etc.).
- b. Real Case Study: Using case examples from existing salon businesses, both successful and those facing challenges. Participants are invited to analyze the cost structure and costing calculations in these cases, finding out what works and why. This helps them see the relevance of theory in practice.

- c. **Repeated Calculation Exercise:** Provides many opportunities to practice costing calculations with different scenarios. Starting from simple to complex, so that participants become familiar with the process.

3. Guidance and Mentoring

- a. **Mentoring:** After the training is completed, the resource person provides a mentoring session for participants who want to start their own salon business. The resource person can help review their cost calculations and provide business advice.
- b. **Support Network:** Facilitate the formation of networks between participants so that they can support each other and share information in the future.

By integrating these methods, training on calculating the cost of salon services for people with physical disabilities becomes more effective, relevant, and empowers them to achieve economic independence.

Results and Discussion

Determining the cost of services (often also called *cost of services* or *cost of goods sold for services*) is a cost accounting process for identifying, measuring, and allocating all costs directly or indirectly related to the provision of a service. The goal is to determine the total cost incurred to produce one unit of service, which is an important basis for determining selling prices, analyzing profitability, and making business decisions.

Unlike physical products that have clear raw materials, services are intangible, inseparable, perishable, and variable. These characteristics make determining the cost of services a little more complex because the main focus is on labor costs and overhead costs. *overhead* allocated per service unit or per service hour. The Main Components of Service Costs consist of:

1. **Direct Costs (Direct Costs/Variable Costs):**
 - a. **Direct Materials Costs:** Although services do not always have significant raw materials, there are some materials that are immediately used up when providing services. For example, in a salon: shampoo, conditioner, hair dye, wax, face masks, cotton, tool disinfectants, etc.
 - b. **Direct Labor Costs:** Wages or salaries paid to individuals directly involved in providing the service. For a salon, this would be the salary of a stylist or beautician who provides direct care to clients. If the owner is also the service provider, this can be counted as an opportunity cost or part of the expected profit margin.
2. **Indirect Costs (Overhead Costs):**

Cost Overhead Services (Service Overhead): All other costs related to the operation of the service but cannot be directly traced to a particular service unit. These costs are divided into:

 - a. **Cost Overhead Variables:** Costs that change in proportion to the volume of services provided, but are not directly related to a single unit of service. Examples: additional electricity costs due to more frequent use of hair dryers when there are many customers, water costs for shampooing.
 - b. **Cost Overhead Fixed Overhead:** Costs that do not change regardless of the volume of services provided. Examples: rent, administrative/cleaning staff

salaries, equipment depreciation, license/permit fees, internet costs, insurance.

Method of Determining Cost of Services

There are several approaches to determining the cost of services, namely:

1. *Job Order Costing*(Job Costing Method).

This method is used when the services provided are unique or based on orders (customer specifications vary). Costs are accumulated for each separate "job" or "order" (Mulyadi, 2018).

Application in Salon: Suitable for services that require special customization, such as:

- a) Bridal make-up
- b) *Hair coloring* complex (e.g. balayage, ombre which require different time and materials)
- c) Complete customized care packages.

Mechanism: Each job or service has a separate cost card (or job cost sheet) that records all direct costs (materials and labor) and overhead allocations for that job.

2. *Process Costing*(Process Costing Method)

This method is used when the services provided are standard, homogeneous, and mass-produced or continuously through a series of processes. Costs are accumulated per department or per process, then averaged for all service units produced (Mulyadi, 2018).

Application in Salon: Rarely applied directly because salon services are rarely truly homogeneous in large volumes. However, the concept can be adopted for services that are highly standardized and high frequency, for example:

- a) Standard haircut (if the process is very uniform).
- b) Shampoo and rinse (as part of the process).

Mechanism: Costs are traced per process and the cost per unit is calculated by dividing the total costs in a period by the total units of service completed.

3. *Activity Based Costing*(ABC): Activity Based Costing

Method This allocates overhead costs based on the activities that consume resources, not just the volume of services. Overhead costs are grouped into activity pools, and then allocated to services based on the cost drivers of those activities (Blocher, 2000 and Mulyadi, 2007).

Application in Salon: Relevant and provides more accurate calculations, especially for salons with various types of complex services. Examples of activities:

- a) Tool preparation activities (cost driver: number of tools prepared).
- b) Hair wash activity (cost driver: number of shampoos).
- c) Styling activities (cost driver: styling hours).
- d) Cleaning activities (cost driver: salon area size).

Mechanism:

- a. Identify the main activities that consume resources.
- b. Collect fees for each activity (activity pool).
- c. Identify cost drivers for each activity pool.
- d. Calculate cost driver rates.

- e. Allocate overhead costs to each service based on the service's use of cost drivers.

Superiority: Provides more accurate cost information, especially for indirect costs, which helps in more strategic pricing and identification of cost savings areas.

4. Variable Costing and Full Costing

These are two methods of calculating cost elements into the cost price, which differentiate the treatment of costs. *overhead* still.

- a. *Full Costing (Absorption Costing)*. Taking into account all elements of production costs (direct raw materials, direct labor, and service overhead, both variable and fixed) into the cost of services (Mursyidi, 2010 and Sahla, 2020).
- b. *Variable Costing (Direct Costing)*. Only take into account variable production costs (direct materials, direct labor, and variable overhead) into the cost of services. Fixed overhead costs are treated as period costs (operating expenses) and are charged directly to profit and loss in the period in which they occur (Karyadi, 2022).

The choice of service cost calculation method is highly dependent on the characteristics of the salon business (whether the service is unique or standard), operational complexity, and the information objectives to be achieved. For small to medium-sized salon businesses, a combination of approaches *job costing* which is simplified by allocation *overhead* based on service volume estimates, or even an introduction to the basic concepts of ABC, will help in making appropriate and sustainable pricing decisions.

Simulation of Calculation of Cost of Hair Cutting Services

The following is a simple simulation of calculating the cost of a haircut service run by a physically disabled person, assuming that the salon operates from home and is managed independently.

Data Assumptions:

- a) Service: Simple Men/Women Haircuts
 - b) Estimated Customers per Month: 30 customers
 - c) Operating Hours per Day: 6 hours (Monday-Saturday)
 - d) Working Days per Month: 24 days
1. Direct Cost per Haircut (Variable Cost). This is a cost that is directly used for each service.
 - a) Shampoo and Conditioner (per customer): Rp 1,500
 - b) Water (for shampoo, per customer): Rp 500
 - c) Electricity (for tools such as hair dryers, clippers, per customer): Rp 1,000
 - d) Clipper/scissor lubricant oil: Rp. 200
 - e) Neck wrap/disposable: Rp 300
 - f) Total Direct Cost per Haircut: $Rp\ 1,500 + Rp\ 500 + Rp\ 1,000 + Rp\ 200 + Rp\ 300 = Rp\ 3,500$
 2. Indirect Costs (Overhead Cost) per month. These are costs that remain even if there are no customers, or costs that are not directly related to a single service.
 - a) Electricity (lighting, fans, etc.): Rp. 100,000
 - b) Water (general): Rp 50,000

- c) Depreciation of Salon Equipment (scissors, combs, clippers, hair dryers, etc. For example: total equipment purchase Rp 5,000,000, useful life 5 years/ 60 months, then depreciation per month $\text{Rp } 5,000,000 / 60 \text{ months} = \text{Rp } 83,333$): Rp 83,333
- d) Towel washing soap: Rp. 15,000
- e) Promotion/Internet: Rp 50,000
- f) Total Indirect Costs per Month: $\text{Rp } 100,000 + \text{Rp } 50,000 + \text{Rp } 83,333 + \text{Rp } 15,000 + \text{Rp } 50,000 = \text{Rp } 298,333$
3. Calculation of Cost of Goods Sold per Service. To get the cost per service, we need to calculate the indirect costs per service.
 - a) Indirect Cost per Service = Total Indirect Cost per Month / Estimated Customers per Month = $\text{Rp } 298,333 / 30 \text{ customers} = \text{Rp } 9,945$
 - b) Cost per Haircut = Direct Cost per Haircut + Indirect Cost per Service = $\text{Rp } 3,500 + \text{Rp } 9,945 = \text{Rp } 13,445$
4. Selling Price Calculation. After knowing the cost price, participants can determine the selling price by adding the desired profit margin. For example, wanting a profit of 50% of the cost price.
 - a) Desired profit = $50\% \times \text{Rp } 13,445 = \text{Rp } 6,723$
 - b) Selling Price per Haircut = Cost Price + Profit = $\text{Rp } 13,445 + \text{Rp } 6,723 = \text{Rp } 20,168$ (rounded to Rp 20,000 or Rp 20,500, adjusted to the market)

This simulation shows that by calculating COGS, participants can set rational and profitable selling prices, instead of just guessing or following competitors' prices without any basis.

Training on calculating the cost of salon services for people with physical disabilities is expected to produce several significant positive impacts for participants, both individually and in the context of economic independence. These results include increased knowledge, skills, and self-confidence, which will ultimately help them to become entrepreneurs or work more effectively in the salon industry. In general, the results of this training can be grouped into:

1. Increased Knowledge and Understanding
 - a. Understanding Cost Components: Participants can understand the various types of costs involved in operating a salon, from direct costs (e.g., shampoo, conditioner, hair dye) to indirect or overhead costs (e.g., electricity, water, rent, equipment depreciation, etc.).
 - b. Cost of Goods Calculation Method: Participants are able to apply various methods of calculating the cost of services (for example, cost-plus pricing, simple activity-based costing) that are appropriate to the scale of their salon business.
 - c. Break Even Point Analysis: Participants can calculate the break-even point, which is the volume of service sales needed to cover all costs, so they know when the business will start making a profit.
 - d. Optimal Selling Price Determination: With an understanding of cost of goods sold, participants can set competitive selling prices for services that remain profitable and sustainable.
2. Improving Practical Skills

- a. Simple Financial Recording: Participants are skilled in recording basic financial transactions, such as purchasing materials, income from services, and other operational costs.
 - b. Business Decision Making: Participants are more confident in making business decisions regarding pricing, promotions, and operational efficiency.
3. Increased Independence and Self-Confidence
- a. Economic Independence: Participants have a strong foundation to start or develop a salon business independently, reducing dependence on others.
 - b. Confidence: A strong understanding of business aspects provides more confidence in interacting with customers and managing a business.
 - c. Business Planning: Participants are able to prepare a simple business plan that covers financial aspects, including revenue and cost projections.

The following is documentation of the implementation of training on calculating the cost of salon services for people with physical disabilities. at the orphanage Physical Disability New York.



Figure 1. Presentation of Material by Resource Person



Figure 2. Enthusiasm of training participants for people with physical disabilities



Figure 3. Participants attending training



Figure 4. Group photo of resource persons and training participants

Conclusion

Training on calculating the cost of salon services for people with physical disabilities in Pekanbaru is a very important and strategic initiative in an effort to increase their independence and inclusion. This is not just technical training, but fundamental economic empowerment, namely:

1. Opportunities Amidst Challenges: People with physical disabilities in Pekanbaru face significant barriers in accessing formal employment. The salon industry offers a realistic alternative path to entrepreneurship, especially with flexible home-based or home-service business models, in accordance with the characteristics of mobility limitations.
2. Strong Business Foundation: The ability to calculate the cost of services is a core knowledge that is often overlooked but crucial for MSMEs. Without this understanding, salon businesses are vulnerable to losses, have difficulty competing, and fail to grow. This training equips participants with the tools to set rational, profitable, and sustainable selling prices.
3. Independence and Self-Confidence: By mastering the calculation of the cost price, participants not only become experts in salon technical skills, but also competent business managers. This fosters self-confidence, reduces financial dependence, and encourages them to actively contribute to the family and community economy.

4. Synergy with Government Programs: This training is in line with the commitment of the Pekanbaru regional government to empower people with disabilities through vocational and entrepreneurship programs. This is an important complement to the salon skills training that already exists at the UPT for the Empowerment of People with Physical Disabilities, ensuring that graduates are not only skilled, but also capable of managing the financial aspects of their businesses.

In conclusion, the training on calculating the cost of salon services is a proactive step to create a more inclusive and sustainable entrepreneurial ecosystem for people with physical disabilities in Pekanbaru. With this knowledge capital, they are expected to be able to build a solid salon business, be financially independent, and become a role model for improving the quality of life of other people with disabilities.

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