



Consistency of Post-Employment Remuneration Contract with Efficient Contract

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Abstract. *This study examines the implementation of post-employment remuneration within corporations, focusing on compliance with PSAK 24 standards and its alignment with efficient contract theory. The research emphasizes the importance of financial reporting in ensuring transparent, accurate, and accountable management of employee compensation obligations. Using PT Tigaraksa Satria Tbk as a case study, the study evaluates the consistency of post-employment contracts and their impact on corporate financial stability. Key findings reveal that precise actuarial calculations and adherence to regulations are critical for maintaining a balance between organizational obligations and financial sustainability. The paper also highlights risks related to changes in actuarial assumptions and investment performance, offering strategic recommendations to optimize post-employment benefits management. This research provides valuable insights into improving corporate governance and fostering stakeholder confidence through robust financial accountability.*

Keywords: Remuneration, PSAK24, Contracts, Financial

1. INTRODUCTION

Benefits issues such as wage gaps, bonuses, vacation issues, and retirement benefits are often the industry's liability. This is a big problem for companies because they are transacting human resources. Very many strikes and demonstrations are carried out by employees, for the above arbitrary actions of the Company bring the unilateral political impeachment of the company that does not participate in workers and plays with rights before workers. It is inseparable from accountants for special allowances. The employee requires an increase in wages, salary, bonuses, allowances, holidays or other benefits. The strike had a strong impact on the company's operations, therefore it suffered heavy losses. By the way, to increase the survival of a good friend, it is necessary to offer benefits in the form of employee bonus bonuses. ACTIVE, in general, traces are found because the lot promises of benefits are not respected (Hassan, 2018). On the other hand, employers often see rewards only as part of the cost, and often companies are also cautious when raising work premiums.

The government is also interested in creating social policies for workers, on the one hand, ensuring a decent standard of living for workers and their families. The most important point in business is the provision of employee post-employment rewards. Post-employment rewards given to employees who are supported by their families can affect the quality of social insurance for employees to be made more stable and better. Because of this post-

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employment reward that every company must claim in compliance with applicable regulations, employee salaries are paid monthly through indemnity insurance. According to Monalisa, et al. (2018:367), companies need to allocate special funds for post-employment compensation to achieve their vision and mission and avoid cash payments that disrupt cash flow in the event of an incident. According to Rusdiyanto & Fitria (2018:39) states that companies must be consistent with the implementation of Law No. 13 of 2003 concerning Manpower and Government Regulation No. 35 of 2021, especially PSAK No. 24 of 2015 concerning Work Compensation which is a large operational burden of the company which can directly affect the company's profit and also affect the company's liquidity level, Therefore, it takes correct calculations, clear, detailed and planned disclosures in order to present adequate and more accurate information for all interested parties, in order to make it easier for management to make the right decisions. According to Shinta (2011:15) stated that the implementation of this post-employment remuneration does not have a significant impact on the company's performance.

Then efficient contract theory studies the role of financial accounting information in moderating information asymmetry between contracting parties, thereby contributing to efficient contracts and stewardship and efficient corporate governance. Information asymmetry arises in contracts because management has insider information about the state of the company, and does not necessarily share it with the other parties who are contracting. such parties or, if they share information, may distort or exaggerate such information. Also, the management of efforts in operating the company cannot be directly observed by outsiders. In both cases, the contractual outsider used accounting information to help protect themselves from exploitation

In this study, we examine how the form of coexistence in PT Tigaraksa Satria Tbk in providing post-employment remuneration, with efficient contracts.

2. LITERATURE REVIEW

a. Agency Theory

According to Scott (2012), agency *theory* is a relationship or contract between principal and agent. In this theory, the principal is the party that hires the agent to perform tasks for the principal's interests, while the agent is the party who carries out the principal's interests.

b. Efficient contract theory

This theory states that in an efficient market a strong form, if a contract exists, then the contract must be efficient because of the survivorship bias.

3. METHODS

The method used in this study is with a quantitative approach This study uses descriptive research with a quantitative approach, where the researcher describes the Presentation and Reporting of Work Rewards Reviewed from PSAK 24 at PT Tigaraksa Satria Tb. This is in accordance with the purpose of the research to find out and analyze the findings with empirical and descriptive. Quantitative empirical research is systematic scientific research on the parts, phenomena, and causalities of their relationships. This research aims to develop and use mathematical models, theories, or hypotheses related to natural phenomena.

4. RESULTS

a. Descriptive Statistics

Post-employment compensation is an obligation that a company gives to employees after their employment period ends. Based on the report, the company has recorded its post-employment remuneration obligations in accordance with applicable accounting standards, namely using the International Financial Reporting Standards (IFRS) approach adopted through the Financial Accounting Standards Guidelines (PSAK).

Key takeaways from the report:

1) Components of Post-Employment Rewards:

- a) Includes retirement benefits, severance pay, and other benefits.
- b) Adjusted to the employee's working period and company policies.

2) Funding:

- a) The company has reserved funds to meet post-employment compensation obligations in the form of a professionally managed pension fund.

3) Actuarial Calculation:

- a) This obligation is calculated based on actuarial reports that take into account demographic, economic, and inflationary trends.

4) Disclosure in Financial Statements:

- a) Presented as part of long-term liabilities.

- b) The measurement includes both present liabilities and projected future liabilities.

5) Compliance Review:

- a) The management of post-employment compensation obligations demonstrates compliance with PSAK 24 standards. This provides transparency in the company's financial reporting.

6) Impact on Financial Stability:

- a) Pension fund reserves show a company's commitment to meeting its long-term obligations. However, the large value of liabilities can affect a company's capital structure if it is not managed properly.

7) Risks and Challenges:

- a) The main risk comes from changes in actuarial assumptions such as interest rates and inflation.
 - a) Penurunan performa investasi dana pensiun dapat menambah beban keuangan perusahaan.

8) Rekomendasi Strategi:

- b) Diversifikasi portofolio investasi dana pensiun untuk meminimalkan risiko pasar.
- c) Melakukan evaluasi berkala terhadap asumsi aktuarial untuk menyesuaikan dengan kondisi terkini.

Composition of Post-Employment Remuneration Obligations (*estimated based on data from previous reports*):

- a. Severance pay: 50%
- b. Pension: 30%
- c. Other benefits: 20%

In the distribution of post-employment rewards

Number of Active Employees:

- a. In 2023, there will be **1,746 permanent employees**
- b. **Average Remaining Working Life:**
 - 1) For Companies: **4.30 years**
 - 2) For Subsidiaries (BGI): **4.75 years**
- c. **Discount Rate:**
 - 1) 2023: **6.50%**
 - 2) 2022: **6.80%**

d. **Salary Increase Rate:**

- 1) **0.00%** for retirement defined benefit

e. **Pension Benefit Calculation Formula:**

- 1) $1.15 \times$ of service \times basic retirement income

f. **Projected Exact Reward Liability** (Present Value, Undiscounted):

- 1) In 12 months: **IDR 3,327 million**
2) 1-5 years: **IDR 31,420 million**
3) More than 5 years: **IDR 666,934 million**

g. **Sensitivity to Changes in Assumptions:**

- 1) Change in Discount Rate (+1%): Decrease in liabilities of **IDR 91,137 million**
2) Change in Discount Rate (-1%): Increase in liabilities of **IDR 108,984 million**

h. **Retirement Benefits per Employee**

$$1.15 \times 4.3 \times \text{Rp}5,000,000 = \text{Rp}24,724,999.99.$$

i. **Total Benefits for All Employees:**

$$1,746 \times \text{Rp}24,724,999.99 = \text{Rp}43,169,849,999.99.$$

j. **Present Value of Post-Employment Compensation Obligations:**

With a discount rate of 6.5% per annum and an average tenure of 4.3 years:

$$PV = (1 + 0.065)^{4.3} \text{Rp}43,169,849,999.99 = \text{Rp}32,928,900,226.97.$$

Based on the findings above,

Based on the analysis and calculation of the company's post-employment compensation obligations using **an effective contract** approach, the following are found:

a. **Benefit Calculation Formula**

The company uses the formula:

$$\text{Pension Benefit} = 1.15 \times \text{Length of Service} \times \text{Basic Retirement Income}$$

This formula assumes an average basic retirement income of Rp 5,000,000 per month with an average remaining service period of 4.3 years. Based on this data, the pension benefit per employee is calculated at IDR 24,724,999.99.

1) **Total Liability of All Employees**

With the number of active employees as many as **1,746 people**, the total pension benefit obligation is calculated at **IDR 43.17 billion**. This obligation covers all post-employment benefits that will be provided to employees after they enter retirement.

2) **Present Value**

To calculate the value of post-employment obligations in the present form, a discount rate of **6.5%** per year is used. As a result, the current value of liabilities was recorded at **IDR 32.93 billion**. This value indicates the obligation that the company must reserve if all benefits are provided in the current economic conditions.

3) **The Effect of Effective Contracts**

An effective contract ensures that the company has a real obligation to provide benefits as per the agreement recorded in the employee's employment contract. In this case:

- a) All benefits are calculated on a pro-rata basis based on the length of service the employee has undergone.
- b) The value of the liability reflects the company's obligations under the contract that are still in force.

4) **Application of Accounting Standards**

- 5) This calculation has been in accordance with PSAK 24 on employment compensation, which requires companies to recognize post-employment compensation obligations as part of long-term liabilities. An effective contractual approach provides transparency and ensures that benefits are accurately calculated based on employee tenure contributions.

5. **CONCLUSIONS AND SUGGESTIONS**

Conclusion

The obligation of post-employment remuneration is a significant commitment for the company. In this scenario, the present value obligation of IDR 32.93 billion reflects the need for funds that must be reserved to fulfill the effective contract in force. Companies must ensure good financial management to maintain a balance between their obligations to employees and the sustainability of their operations.

Suggestion

What can be given is the need for Consistency of Post-Employment Remuneration Contracts with Efficient Contracts by improving financial reporting and accountability systems and increasing public participation in financial management supervision. quality of human resources and internal supervision of regional financial management to ensure compliance with applicable regulations and policies. In the long term, there is a need to

strengthen the supervision and control system of regional financial management to prevent corruption practices and abuse of regional finance. The results of the research and analysis that have been carried out, it is hoped that the next research can be even better in terms of:

- a. Re-analyze how the Consistency of Post-Employment Remuneration Contracts with Efficient Contracts so that the community or employees are satisfied with the performance of the government and also the offices in their respective regions.
- b. Be able to look back on whether it is fully transparent and accountable or not.
- c. Improve the reporting and financial accountability system of private or government offices.
- d. Improve the quality of human resources and internal supervision to ensure compliance with regulations and policies.
- e. Strengthen the financial management supervision and control system to prevent corrupt practices and financial abuse.

With the implementation of these suggestions, it is hoped that researchers can further improve the effectiveness and efficiency of financial management in the office or others.

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