

Decentralization And Segment Reporting And How To Identify Common Fixed Costs In PT Kalbe Farma TBK Indonesia

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Abstract

Purpose of study this are knowing decentralization and segmentation reporting finance at PT Kalbe Farma Tbk. Analyze Anything type Cammon size Fixed Cost found at PT Kalbe Farma Tbk. Research type this is study qualitative descriptive. Data analysis method used in study this is analysis descriptive with tabulation simple. Result of study this is like following: In managing and running the business of PT. Kalbe Farma TBK divided activity work to 3 divisions namely: Distribution based on goods and services produced. Distribution according to geographic lines. Distribution based on type given accountability to division manager. Segmented Reporting used by PT Kalbe Farma in reporting his finances classified Becomes report income and reports cost operation. Cammon fixed costs issued by the company issued by the company where there are 4 types cost permanent that is cost depreciation Rp. 606364.27 million Cost of Labor and Mintence Rp. 570368.76 and fees tax 570368.76.

Keywords: Decentralization, Segment Reporting, Common Fixed Cost.

INTRODUCTION

Growth and development industry in Indonesia experienced significant increase. The amount emerging companies is one sign development enough industry fast (Simarmata et al., 2022). Every company develop various innovation for reach destination company goals alone no only obtain profit according to company targets but also create score for company. Besides that established company aim for guard continuity life company with good order company could develop in accordance with activities carried out until the future.

Industry Indonesian Pharmacy is one of them from a little industry always grow from year to year where average growth was above 10 percent per year in the period 2013 – 2015 with orientation sales on the domestic market. Growth industry pharmacy this no free from enhancement hope live (Ridwan et al., 2022), grow Indonesia 's population and increasing expenditure for cost health per capita from year to years (Nahdiah Amin, Kompas 11 January 2016). During the industrial Covid -19 pandemic pharmacy experience very growth rapidly recorded in the pharmaceutical industry experience growth by 10.81% in 2021 with the total value declared by the pharmaceutical industry national is Rp. 90-95 Trillion. One company pharmacy The largest in Indonesia is PT Kalbe Parma founded in 1966, PT Kalbe Farma Tbk. Kalbe becomes company product health as well as integrated nutrition with power innovation, marketing strategy, development brand distribution, power finances, expertise research and development as well as difficult production matched in realize mission for increase health for more life PT Kalbe Farma Tbk (KLBF) announced performance beak first 2022. In period said, the company succeed record profit period walk that can attributable to owner entity parent of IDR 1.64 trillion. Profit was up 9.33 percent compared same period year then of IDR 1.5 trillion.

In each organization or company the most important thing is management company the Company owns a number of responsible answer that is *centralization* and *decentralization*. Decentralization is something system in organization, in Thing this making decision no submitted executive only apex, but also spread throughout in e organization managers at various level in accordance with scope not quite enough each answered. Segment in something organization is something part or which activity manager will get data about income, expenses, or profit in a organization (Mirandha et al. 2022). Generally there is controlling part income, expenses and investment, or the usual known with the designation of Responsibility Center (center accountability).

Generally, decentralized companies classify segment his efforts to in center or center as following : a) Cost center or the usual one known with center cost, is something segment effort where her manager have control on cost, will however, manager no have control to income companies and investments ; b) Profit center or normal known with center profit, is something segment effort where her manager have control on costs and revenues, however no control investment ; and c) Investment center or normal known with center investment, is something segment which business her manager have control on costs, revenues and also investments in the company's operating assets.

Management effectiveness management something company very important in increase performance finances, so conducted evaluation performance financial achieved by the company. It the goal for knowing development performance finances that have achieved by PT. Kalbe Farma Tbk. In research this writer choose object research at PT. Kalbe Farma Tbk. which are listed on the Indonesia Stock Exchange. Along with developments experienced by the company, then company need to do analysis performance finance with Thing this meant for knowing condition finances that occur in the company . As for ratings performance finance carried out by the company is with use the Cammon size Fixed Cost method is measured with combine acquisition score with costs used for obtain score added to the company. Cost permanent general (common fixed cost) is the cost still support operation more from one segment, however bno could traced entirely or part to segment anywhere. Though something segment omitted, no will there is change cost permanent real public.

LITERATURE REVIEW

Decentralization

Decentralization is practice delegation authority taking decision to more levels low. Taking decision decentralized (decentralized decision making) allowed manager at a higher level low for create and implement decisions related matters with areas of responsibility them. According to Hansen and Mowen (2016) decentralization interpreted as practice delegation authority taking decision to more level low. Decentralization is delegation authority and responsibility answer to managers. Delegation level that alone show until how much far more management tall allow more management low for make policy independently. Could concluded from the meaning above that decentralization is delegation authority and responsibility answer manager delegated by management peak to management authority more executive low 17 to make something decision levels the organization inside company that alone. In other words delegation authority that will help relieve burden more management high.

Effective decentralization have reporting working segment as report addition to the report finance (Darmawan et al., 2022). Segment is part or activity something organization where are the managers want cost and profit data from organization the Segment including organizational divisions, regions marketing, shop individual, center service, factory manufacturing and others. Report profit make a loss segmented this beneficial for analyze profitability work and measure performance manager.

Decentralization is something system in organization in Thing this making decision no submitted executive only apex, but also spread throughout line organization managers at various level in accordance with scope not quite enough each answered. In practice, decentralization have a number of superiority as following : a) management peak could concentrate on strategy and decisions strategic, b) management at a higher level low will get experience in making decision, c) with exists gift authority making decisions and responsibilities answer, then will give satisfaction work, d) management at more levels low have more information detail and updates, so decision made will more appropriate target, and e) can evaluate the achievements of each given manager responsibility.

Reporting Segment

Segment in something organization is something part or which activity manager will get data about income, expenses, or profit (Harris, 2022). In a organization, generally there is controlling part income, expenses and investment, or the usual known with the designation of Responsibility Center (center accountability). Generally, decentralized companies classify segment his efforts to in center or center as following (Bugaian, 2022) : a) Cost center or the usual one known with center cost, is something segment effort where the manager have control on cost, will however, manager no have control to income companies and investments ; b) Profit center or normal known with center profit, is something segment effort where the manager have control on costs and revenues, however no control investment ; and c) Investment center or normal known with center investment, is something segment which business her manager have control on costs, revenues, and also investments in the company's operating assets

Report Segment is report make a loss presenting profit information about report make a loss profit for every segment effort. With exists report segment so will is known how performance from each segment effort the. Output from absorption method in the form of report make a loss profit conventional give information for drafting report segment, that is report make a loss profit conventional our though again with use analysis behavior generating costs report segment. A number of necessary thing noticed in reporting segment:

1. Used report profit make a loss with the contribution format, which differentiates cost Becomes component cost variables and costs stay.

2. Cost permanent distinguished be : Cost still can Traceable (traceable fixed cost) Is a cost still what happened because existence segment such if segment the no once Yes, costs permanent the no will once happened ; and if segment the omitted, cost permanent the will disappeared.

Determination of Segment Margins obtained with subtract cost permanent could traced for something segment of the contribution margin segment. It shows the available margin after something segment close whole the cost. Segment margins is size best profitability period long something segment.

Obstacle loading costs that are not fixed Order report segment Fulfill intended purpose, cost must in a manner appropriate charged segment. If the goal is determine profit generated by a particular division, then whole possible costs charged to that division only costs. In reporting segment, report profit losses used is report profit make a loss with contribution format, or different reports cost Becomes component cost variables and costs stay. Cost permanent distinguished into traceable fixed costs and common fixed costs. Traceable fixed costs or cost still can traced is cost still showing up because existence segment such, for example cost wages manager segment.

Common Fixed Costs

Cost fixed (fixed cost), is costs incurred in fixed amount or stable (Hansen and Mowen, 2022). Cost permanent this existence no influenced by presence change amount or activity production on the level certain. So, costs this more influenced by a condition in period long like tax land and building, insurance as well as wages employee. Meanwhile, common fixed cost or cost permanent general is cost still support operation more from one segment, cost this permanent there is if one segment omitted, and no can allocated to each segment, for example cost C level salary (Yuen, 2012) Examples cost still can traced Cost permanent general (common fixed cost) Is the cost still support operation more from one segment, however bno could traced entirely or part to segment anywhere. Though something segment omitted, no will there is change cost permanent real public. Example: Salary employee is cost permanent general from.

RESEARCH METHODS

Research methods that will used in study this is method study Qualitative. Study qualitative used for describe and analyze phenomenon, event, activity social, attitudes, beliefs, perceptions, thoughts of people individually and group (Sahputra et al., 2022). Method study qualitative used for examine the conditions scientific object (as his opponent is experiment) where researcher is as a key instrument, technique data collection is carried out in a manner triangulation (combined) data analysis is inductive or qualitative, and results qualitative researcher more emphasize meaning rather than generalizations.

Data used in study this is secondary data. Obtained data from notes, books, magazines form report government, articles, books as theory, magazines and so forth. Obtained data from secondary data this no need processed again. The source does n't direct provide data to data collectors. Where is the data used in study this is report data obtained PT Kalbe Farma TBK's finances from Stock Exchange wabsait Indnosie and Wabsait PT Kalbe Farma official. Subject in study this is PT Kalbe Farma. Temporary object study is target for get destination certain about something thing to be proven in a manner objective. According to Sugiyono (2012) states that "Object study is something attribute or nature or score of people, objects or activities that have variable specified by the researcher for studied and drawn conclusion". In research this is what it becomes object study is report finance company. Data analysis method used in study this is analysis descriptive. method analysis descriptive qualitative is analyze, describe, and summarize various condition, situation from various data collected form results interview or observation about researched problems that occur in the field.

RESULTS AND DISCUSSION

Decentralization and Accountability Center of PT Kalbe Farma TBK

System accountant accountability (responsibility accounting system) is measuring system various achieved results every center accountability according to information needed by managers for operate center accountability them. Company that owns a number of center accountability usually choose one from two approach taking decision for manage activity they are complex and diverse: centralized and decentralized. Centralization, various decision level made management top and managers at higher levels low responsible answer on implementation decisions the. Decentralization yyang available at PT Kalbe Farma TBK are as follows:

1. Distribution based on goods and services produced. For example, medicine and prescription division, health products division, nutrition division as well as the distribution and logistics division
2. Distribution according to geographic lines. For example, office center companies located in Jakarta. have a number of regional divisions throughout Indonesia and abroad

3. Distribution based on type given accountability to division manager. Accountability center consists from center investment center profit, center revenue and center cost. Results from every center accountability can be measured based on required information manager for operate center accountability them.

Following type main center accountability:

Cost center – the manager responsible only to cost.

1. Revenue center – the manager responsible only to seller.
2. Profit center (profit profit) - its manager responsible to sales and expenses.
3. Investment center – the manager be responsible to sales, costs, and capital investment.

Segmented Reporting

So that you can operate in a manner effective management need availability excess information information provided by the report profit loss. A number of type product could profitable, some more other products effective compared others, some employee sale more effective compared others, several production divisions possible no effective use capacity resources. For can give solution problem this management need segment - focused reports company.

Segment could defined as every part or activity resulting organization management need looking for cost data about part or activity relevant organization. Segment could conducted on basic: product division, group or type product, department production, and area sales. One most important use from approach contribution to determination price tree product is for presentation segmented reports that can used for analysis profitability various segment organization.

Segmented reports could served for activities at different levels of the organization and can served in different forms also illustrate three level segmented report indicated according to form used in a manner broad. Company by whole segmented for the first time on division basis (Raniyah et al., 2022).

This is broad approach used in segmented reporting. Management can segment division 1 to in more part small with the same way as done in segment division 2. With thereby give detailed view about whole aspects and levels of operations company. With investigate in a manner carefully trends and results every segment about company as whole and possible will find opportunity and or method act more appropriate the following is displayed report profit make a loss company based on segment.

Table 1. PT Kalbe Farma TBK 2021 Profit and Loss Report based on Segment Income

Period :	2021 (Rp. Million)	2020 Rp. Million)	2019 (Rp. Million)	2018 (Rp. Million)
Total Revenue	26261194.51	23112654.99	22633476,36	21074306,19
Cost Revenue, Total	15154919,66	13062932,44	12607321,43	11317738,41
Gross profit	11106274.85	10049722,55	10026154,93	9756567,78

Source: Indonesia Stock Exchange

From the data in table 1 above could seen reporting stupid company based on segment income where for 4 years final company experience enhancement income. The revenue earned in 2021 is Rp. 26,261,194.51 million.

Segment reporting next is segment reporting cost operations issued by the company annually. For more he explained following presented report data cost operational company During period 2018-2019.

Table 2. Reports Segment Cost Operations of PT Kalbe Farma TBK

Period :	2021	2020	2019	2018
Total Cost Operation	22230332,12	19560727,54	19333512,32	17861280,99
Sales /General/ Administrative Expenses, Total	6799744,17	5530132,69	5740034,86	5516470,72
Research & Development	285158,68	441755,35	511409,36	477038,72
Depreciation / Amortization	606364,27	372915,68	298253,12	283444,41
Cost (Income) Interest - Net Operations	-45485,9	-72269,94	10497,21	-29358,96
Expenditure (Income) Unusual	-15057,06	74238,89	-5974	9434,09
Cost Operation Others, Total	-570368,76	151022,43	171970,34	286513,61

Source: Indonesia Stock Exchange

From table 2 above could seen total cost report operations issued by the company During in 2021 where is the total cost issued operations Rp. 22,230,332.12 million. Where is the fee this consists from Sales /General/ Administrative Expenses, Total Research & Development Depreciation /Amortization, Interest Expense (Income) - Net Operations, Interest Expense (Income) -- Net Operations, Unusual Expenses (Income) and Expenses Operation Others, Total.

Common Fixed Costs

Common costs don't allocated segmented, however only deducted entirely for get income net company as whole. For destination reporting external FASB requires that all common costs are allocated in between segment on decent basis. Accountant management argue that no there is benefit anything on the whole segmented reports with allocate common cost among segment. The reason is that allocation at will will keep away attention from the cost should be controlled manager segment and that will be form base score performance as manager segment. Efforts allocate common fixed costs among segment could generate misleading data or segment earnings could blur connection important between revenue segments. An arbitrary allocation of common fixed costs often cause segment looked no profitable, though segment this could donate many remainder of its direct cost itself on profitability whole company. Allocated costs could leads to deletion segment and degrade company 's total profit. Following presented the Common Fixed Costs data issued by PT Kalbe Farma TBK.

Table 3. Common Fixed Costs Which Issued by PT Kalbe Farma TBK

Period :	2021	2020	2019	2018
Depreciation / Amortization	606364,27	372915,68	298253,12	283444.41
Cost of Labor and Mintence	1570368,76	151022,43	171970.34	286513,61
Tax	94039.48	828010.06	865015	809137,7

Source: Indonesia Stock Exchange, (2021)

Dara table 3 got seen type cost fixed issued by the company where there are 4 types cost permanent that is cost depreciation Rp. 606364.27 million Cost of Labor and Mintence Rp. 570368.76 and costs tax 570368.76.

CONCLUSIONS AND RECOMMENDATIONS

Conclusion

1. In managing and running the business of PT. Kalbe Farma TBK divided activity work to 3 divisions namely: Distribution based on goods and services produced. Distribution according to geographic lines. Distribution based on type given accountability to division manager.
2. Segmented Reporting used by PT Kalbe Farma in reporting his finances classified Becomes report income and reports cost operational.
3. Cammon fixed costs issued by the company issued by the company where there are 4 types cost permanent that is cost depreciation Rp. 606364.27 million Cost of Labor and Mintence Rp. 570368.76 and fees tax 570368.76.

Suggestion

1. Recommended to company to report profit to lose based on its business sub-divisions so that more investors understand about circumstances finance company.
2. Recommended to party company to make report performance each business division.

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