

THE INFLUENCE OF LABOR EXPENSES ON CURRENT YEAR PROFIT OF PT BANK RAKYAT INDONESIA TBK 2003-2022

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Abstract

This study aims to analyze the impact of Labor expenses on the annual net income of PT BRI (Bank Rakyat Indonesia, Tbk) from 2003 to 2022. Quantitative methods are the core of the scientific rigor of this study. Library and document-based methods are used to collect data. Financial statements serve as secondary sources of information. Data processing methods based on linear regression analysis are used to test the financial statements of PT BRI Tbk for 2003-2022 with a focus on labor cost and profit data. According to the findings of the study, PT BRI Tbk's current year profit is positively and significantly affected by Labor expenses. Based on the data provided, we can conclude that this is the case because $t\text{-count} = 6.6072 > t\text{-table} = 1.734$ and $0.00 < 0.05$ or $\text{sig } 0.05$ is statistically significant.

Keywords: Labor expenses, Profit for the Year, Significant, PT BRI Tbk

Introduction

Business is any organization, whether formally or informally organized, that carries out trade and/or economic activities in the territory of the Republic of Indonesia. This definition is stated in Law Number 11 of 2020 of the Republic of Indonesia concerning Job Creation. There has been an increase from year to year in the total number of businesses registered in Indonesia. The result is intense competition among companies offering similar products and services. One of them is intense competition between various banking institutions. Commercially, the main goal of a business is to improve the welfare of its shareholders through the accumulation of profits.

A bank is an organization recognized in Article 2 of Law of the Republic of Indonesia Number 10 of 1998 concerning Banking that accepts deposits and invests the funds to increase economic growth and public welfare. One of the largest banks in Indonesia is PT Bank Rakyat Indonesia Tbk (BRI), which is wholly owned by the Indonesian government. As a State-Owned Enterprise (BUMN), PT BRI Tbk is expected to be able to generate maximum profit so that it can provide optimal contribution to shareholders, including the government of the Republic of Indonesia with a share ownership proportion of 53.19% as of December 31, 2022, and other shareholders.

Profit is the difference between the income earned by a company in a period and the total business expenses incurred in that period (Rudianto: 2012). One of the components of business expenses listed in the financial report of PT BRI Tbk is labor expenses. Labor expenses are compensation in the form of wages/salaries given by the company to employees as a tool to maintain and motivate them to work (Kurniawati: 2014). Based on the structure of the financial report of PT BRI Tbk, it is known that labor expenses consist of twelve components of expenses as follows:

1. salary/wages;
2. bonuses/incentives;
3. education and training;
4. defined benefit pension;
5. social security contributions;
6. health benefits;
7. long leave;
8. termination of employment;

9. defined contribution pension;
10. service awards;
11. retirement preparation period; and
12. others.

Considering that the payroll system is an important key for the company in attracting, retaining and motivating employees in order to achieve organizational goals (Iswanto: 2014) and one of PT BRI Tbk's missions is to provide excellent service with a focus on customers through professional human resources, then providing the right

amount of compensation to workers recorded in the form of Labor expenses should be able to improve the company's performance as reflected in the profits obtained in that year. This is in line with the opinion of Pratiwi (2012), in his research entitled the effect of employee welfare costs on profitability (a study of banking companies that went public in 2011-2012) it is known that employee welfare has a positive effect on profitability. Based on the financial report data of PT BRI Tbk for 2003-2023, it is known that the labor burden has always increased or increased from year to year.

Based on the above, the author is interested in conducting a more in-depth study on "The Effect of Labor expenses on Current Year Profit of PT Bank Rakyat Indonesia Tbk". The study was conducted with the aim of finding out and analyzing how much influence Labor expenses have on Current Year Profit of PT BRI Tbk. Furthermore, it is hoped that the study can provide the following benefits:

1. For researchers, to apply the theories obtained during lectures and fulfill a requirement by completing the undergraduate education program in the Faculty of Economics, Accounting Study Program at Universitas Terbuka.
2. For Universities, to add to the bibliography.
3. For Other Parties, as an additional reference for similar research and analysis.

Method

The data sources used by researchers are secondary data, namely data collected from other parties that have been processed and calculated (Priyati: 2023). Researchers choose to use secondary data as research objects because secondary data has advantages including the time to obtain it is much shorter, the cost to obtain it is cheap and the manpower required is minimal (Aritonang: 2014). The financial report of PT BRI Tbk for 2003-2022 was taken from the bank's website to be used as a sample of secondary research data. Researchers also use secondary data from journals, books, and previous research results to complement the primary data used in this study.

The data collection method used by researchers to obtain information used in the research and analysis process is the library method and documentation method. Without going into the field, researchers can conduct studies using library collection materials by reading, recording, and processing data (Mestika, 2004). Alternatively, the documentation approach is a method of collecting information that requires the study of archives, books, opinions, theories, propositions, laws, and other relevant materials.

Framework. In accounting theory, a company's current year profit is inversely proportional to expenses or costs because current year profit comes from the calculation of income minus expenses. This means that if there is an increase in the amount of expenses in a year, the profit in that year will decrease, conversely if there is a decrease in costs in a year, the profit in that year will increase. However, regarding the influence of Labor expenses on current year profit, several studies have concluded that Labor expenses have a positive effect on company performance. Employee welfare has a positive effect on profitability, according to Pratiwi's (2012) research on the topic (a study of banking companies that went public in 2011-2012). According to Sayuni's (2019) analysis, BRI Syariah's bottom line benefits from lower Labor expenses. In addition, Setiawan and Kurniasih (2020) found that Labor expenses were positively correlated with PT Satwa Prima Utama's net profit when analyzing the impact of raw material costs and Labor expenses. After further review, Rosdiyati (2017) concluded that Labor expenses have a significant impact on profits. However, there is research proving payroll costs reduce company profits. Labor expenses have a negative and insignificant relationship with profitability, in accordance with the findings of Maulida's (2019) research entitled The Effect of Promotion Costs and Labor expenses on Profitability at PT Bank Syariah Mandiri. The following is a description of the research framework based on the theory and results of previous research by researchers:

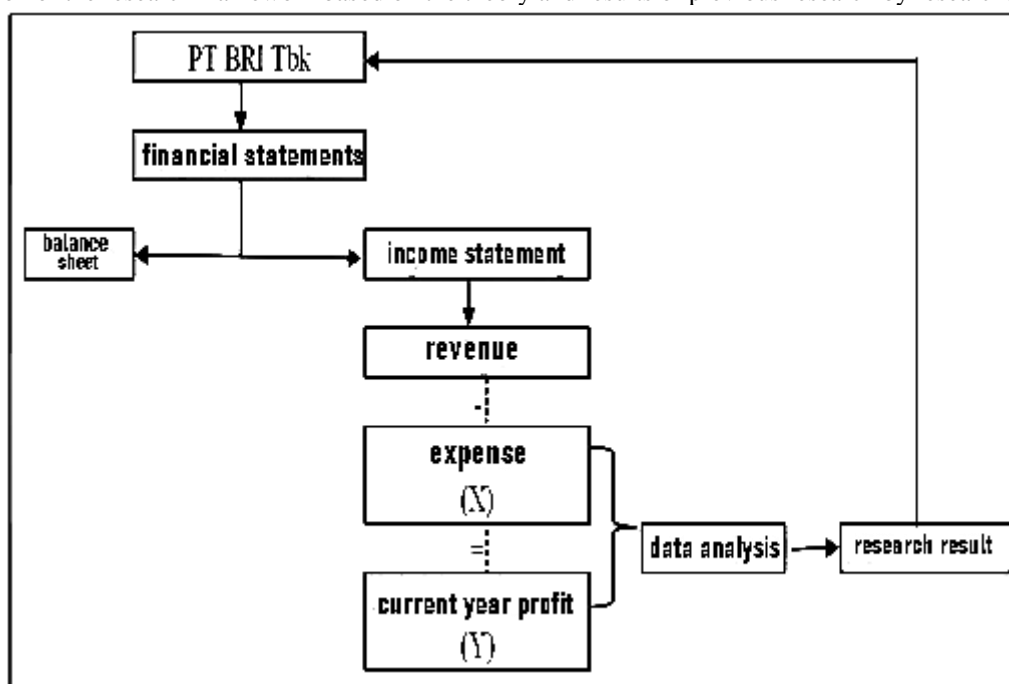


Figure 1 **Research Framework**

To determine if the hypothesis is true must be based on a statement about the temporary concept. To test their hypothesis, the researchers used a technique called simple linear regression analysis. This was done because our study only had room for two independent variables, X and Y. The correlation between the dependent (Y) and independent (X) variables can be shown by this analysis. In this study, the payment of wages and salaries given to workers by their employers serves as an incentive for them to continue working (Kurniawati, 2014), making it an independent variable (X). Current Year Profit (Y), defined as the difference between income earned and business expenses incurred, is the dependent variable in this study. It is hoped that by carrying out this analysis, the effect of Labor expenses on the current year's profit of PT BRI Tbk for the 2003-2022 financial report period can be known. The following is a simple linear regression equation for variables X and Y:

$$Y = a + bX$$

Description

Y = Current Year Profit

X = Labor Expenses

a = Constant Number

b = Coefficient Number

Based on the framework of thought explained above, the researcher proposes a hypothesis that "it is suspected that the burden of labor has an influence on the current year's profit of PT BRI Tbk". The result correlation coefficient number or value can be used to determine the degree of relationship between the dependent variable and the independent variable or to determine the strength or weakness of the relationship between the two variables

- Partial Test (t-Test) needs to be carried out to determine whether each independent variable significantly affects the dependent variable, considering that all other independent variables remain unchanged.
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- Significant level 5%;
- Conclusion
H0 accepted if t-count > t-table
H1 rejected if t-table > t-count

Results and Discussion

In carrying out its activities, a business entity strives to generate maximum profit. However, there are factors that can affect the amount of profit obtained by the business entity, one of which is Labor expenses. The amount of Labor expenses listed in the financial statements of PT BRI Tbk is the sum of twelve cost components, namely salaries/wages, bonuses/incentives, education and training, defined benefit pensions, social security contributions, health benefits, long leave, termination of employment, defined contribution pensions, service awards, retirement preparation period and others. Based on the Financial Statements of PT BRI Tbk for 2003-2022, the amount of Labor expenses is known as in Table 1 as follows:

Table 1. Labor Expenses of PT Bank Rakyat Indonesia Tbk 2003-2022

No.	Year	Labor Expenses (Rp billion)
1	2003	3.667
2	2004	3.717
3	2005	4.407
4	2006	4.831
5	2007	5.274
6	2008	6.329
7	2009	6.676
8	2010	8.676
9	2011	8.701
10	2012	9.606
11	2013	12.232
12	2014	14.111
13	2015	16.599
14	2016	18.594
15	2017	20.441
16	2018	22.423
17	2019	24.243
18	2020	33.105
19	2021	38.047
20	2022	39.390

Source: Financial Report of PT Bank Rakyat Indonesia Tbk (Year 2003-2022)

Furthermore, PT BRI Tbk's Current Year Profit for 2003-2022 is as per Table 2

Table 2. Current Year Profit of PT BRI Tbk 2003-2022

No.	year	current year profit (Rp Billion)
1	2003	2.579
2	2004	3.633
3	2005	3.809
4	2006	4.258
5	2007	4.838
6	2008	5.958
7	2009	7.308
8	2010	11.472
9	2011	15.088
10	2012	18.687
11	2013	21.354
12	2014	24.227
13	2015	25.411
14	2016	26.285
15	2017	29.045
16	2018	32.418
17	2019	34.414
18	2020	18.660
19	2021	30.756
20	2022	51.408

Source: Financial Report of PT Bank Rakyat Indonesia Tbk (Year 2003-2022)

From the table above, it is known that the amount of Labor Expenses and Current Year Profit has increased from year to year from 2003-2022. To determine the relationship between the dependent variable (Y = Current Year Profit) and the independent variable (X = Labor Expenses), a simple linear regression analysis was carried out. The analysis aims to determine the effect of labor expenses on the current year's profit of PT Bank Rakyat Indonesia Tbk. The results of the simple linear regression analysis are as shown in table 3 below:

Table 3. Results of Simple Linear Regression Analysis

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
constant	4.121,0509	2.836,9694	1,4526	0,1645	- 1.864,4313	10.106,5330
labor expenses	0,9776	0,1480	6,6072	0,0000	0,6654	1,2897

Source: Processed data, 2024

Dependent Variable: Current Year Profit
Independent Variable: Labor Expense
Source: Output Data Analysis Excel, 2023

Based on the results of the linear regression test above, the following linear regression equation is obtained:

$$Y = a + bX$$

$$Y = 4.121,0509 + 0,9776X$$

Where:

Y = Current Year Profit

a = Constant from Regression Equation b = Regression Coefficient

X = Labor Expenses

From the linear regression equation above:

1. The constant coefficient (a) has a positive value of 4,121.0509 billion. This shows that if the independent variable, namely Labor Cost, is zero or eliminated, then the Current Year Profit obtained by PT BRI Tbk is IDR 4,121.0509 billion;
2. The regression coefficient (b) for the Labor Cost variable (X) has a positive value of 0.9776. This means that Labor Cost has a positive relationship with the Current Year Profit obtained by PT BRI Tbk. The higher the Labor Cost, the higher the Current Year Profit. Conversely, the lower the Labor Cost, the lower the Current Year Profit. Every 1% increase in Labor Cost will be followed by an increase in PT BRI Tbk's Current Year Profit of IDR 0.9776 billion.

Furthermore, based on the results of the Simple Linear Regression Analysis, the Correlation and Determination Coefficients are also known as follows:

Table 4. Regression Statistics

<i>Regression Statistics</i>	
Multiple R	0,848
R Square	0,720
Adjusted R Square	0,703
Standard Error	7.142,595
Observations	19

Source: Processed data, 2024

From the table above, the correlation coefficient value R between Current Year Profit and Labor expenses is 0.848, which indicates a strong relationship. Although the R-squared value is only 0.720, this shows that variable X (Labor Expenditure) influences variable Y (Annual Profit) by 72%. While other factors that are not considered in this study reach 28% of the total.

T count for Labor expenses is 6.6072, which can be concluded from the results of a simple linear regression analysis, as shown below:

Table 5. Results of Simple Linear Regression Analysis

	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	<i>Lower 95%</i>	<i>Upper 95%</i>
Constant	4.121,0509	2.836,9694	1,4526	0,1645	- 1.864,4313	10.106,5330
Labor expenses	0,9776	0,1480	6,6072	0,0000	0,6654	1,2897

Source: Processed data, 2024

The t-table value is 1.734. From the data, it is known that the t-count result is 6.6072 > t-table of 1.734 and the significant value is 0.00 < 0.05 or sig < 0.05. This shows that Labor expenses have a significant influence on the Current Year's Profit of PT BRI Tbk. This means that in this study H₀ is accepted because t-count > t-table and H₁ is rejected, so the Hypothesis stating that the independent variable in the form of Labor expenses has a significant influence on the dependent variable in the form of Current Year's Profit of PT BRI Tbk can be accepted. And the Hypothesis stating that the independent variable in the form of Labor expenses has no influence on the dependent variable in the form of Current Year's Profit of PT BRI Tbk is rejected.

Conclusion

Based on the results of data analysis and discussion that have been carried out, the following conclusions were obtained:

1. Profit is the difference between the income earned by the company in a period and the operating expenses incurred in that period.
2. The Labor expenses listed in the financial statements of PT BRI Tbk are the sum of twelve cost components, namely salaries/wages, bonuses/incentives, education and training, defined benefit pensions, social security contributions, health benefits, long leave, termination of employment, defined contribution pensions, service awards, retirement preparation period and others.
3. The Labor expenses of PT BRI Tbk have increased from 2003-2022.
4. The Current Year's Profit of PT BRI Tbk has increased from 2003-2019, decreased in 2020 and increased again in 2021-2022.
5. Based on the results of the calculation of the coefficient of determination and the correlation coefficient, variable X (Labor expenses) has a significant influence on variable Y (Current Year's Profit).
6. Based on the results of the t-test calculation, it is known that the t-value of 6.6072 > t-table 1.734. This means that H₀ is accepted and H₁ is rejected.
7. The sig value of 0.00 < 0.05 or sig < 0.05 indicates that Labor expenses have a considerable influence on PT BRI Tbk's Current Year Profit.

Suggestions

After conducting research and analysis of the existing data, there are suggestions that the author would like to put forward as follows:

1. PT BRI Tbk Management should always maintain Labor productivity so that increasing Labor Burden can always have a positive influence on Current Year Profit.
2. Given that the independent variable (X) used in this study is labor burden consisting of twelve cost components, in the future it is necessary to conduct research related to the influence of each of the twelve types of cost components on PT BRI Tbk's current year profit.

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