



Determination of Management Service Rewards in LMKN

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ABSTRACT

The percentage of service fees used as LMKN operational costs often changes, this causes many problems. Particularly in terms of determining performance, as well as in terms of non-compliance with financial and tax reports. This study aims to find the best way to determine service costs that can cover operational activities consistently, as a non-profit institution that is responsible for the rights owner's prosperity. Through the interviews it can be concluded that the fee method which uses tariffs is indeed inconsistent, most of the informants gave suggestions using real costs, where all operational costs must be covered from the royalties collected before being distributed. To maintain the amount, a budget that has been agreed upon by stakeholders must be prepared. The budget includes short-term and long-term budgets, to facilitate activities that are quite expensive. The pattern of determining the compensation for this service can be regulated in the articles of association so that it cannot change along with the term of office of the commissioners at the LMKN. The initial determination of the budget can use historical data calculations with the high and low method, we can find the equation and the size of the budget to make the initial budget. From here we can standardize the form of recording and reporting both financial and tax statements. Performance can also be measured, to what extent the use of funds can generate benefits in accordance with the mission of the institution. The method that is considered appropriate for determining the amount of compensation for services so that it can cover operational costs at the LMKN is to bear the whole (real cost) of the proceeds from collecting royalties without using a percentage limit. The budget that must be made as a limitation of the use of costs. The budget must be approved by all stakeholders, both from the activities offered as well as from the amount of value. The financing method by bearing the real cost will reveal the problems that have occurred so far, the bookkeeping will be more consistent, because costs will only come out based on the approved budget.

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INTRODUCTION

An imbalance system that is very common given in service sector organizations, can be called imbalance management (management costs). Management fees are given due to direct participation in the implementation of management, where the services are placed as management services. In the case of collecting royalties, management services are implemented by associations involved in collecting, collecting and distributing royalties, where the owners of these royalty rights set aside their royalty receipts as an imbalance in management services, which is then used to finance the operations of the association.

The creators and related rights that have these royalties are sellers, while commercial users are buyers, and associations formed by creators and related rights owners commonly called LMK (Collective Management Institutions) are intermediaries, whose job is to bring sellers and buyers together in transactions, so that the management services provided are intermediary services. Many refer to this profession as a broker, commissioner, broker, broker, or as a freelance (D'Consulting, 2019). Therefore this institution consists of a commissioner and a secretariat.

This association has the legal status of a non-profit organization which aims to be able to collect as many royalties as possible for the benefit of the rights holders. Although the fees are related to the amount of royalties collected, the purpose of collecting as many as possible is not to focus on profit but so that the institution has sufficient cash to finance all activities where these activities are oriented towards increasing royalty income and transparency so as to increase the welfare of the rights owners. , namely the creators and actors of the show.

The fee amount of this billing fee also often changes. Not to mention the large costs of litigation, socialization and IT technology development have not been included in the listing of routine costs at LMKN. The point is that it can be roughly estimated that the percentage of compensation for management services currently stipulated in ministerial regulations is far from sufficient. It needs to be emphasized, the core business of LMKN is royalty management. In an effort to manage these royalties, a billing, finance, secretariat and documentation team was formed in their activities to try to develop information and technology to improve the system that supports royalty management so that it is more transparent. All of these costs are covered from fees for services resulting from the collection of royalties.

There are 2 intermediaries for collecting royalties that look the same, but have different functions, namely LMK and LMKN. Both are also non-profit organizations, but LMK was formed because the rights owners or related parties gathered to make efforts for them to get royalties from their work. In order to be more coordinated, the Indonesian government has established a one-door billing system, namely through LMKN and in allocating billing results is more independent. Billing proceeds or proceeds from collecting royalties will be collected at LMKN, to then be distributed to rights owners through LMK. It is when the distribution is at that time that service fees for the LMKN are set aside to finance operations. This research focuses on the fairness of the royalty allowance percentage, especially in LMKNs, which will also be used as a reference for operational costs in LMKs.

It needs to be emphasized, the core business of LMKN is royalty management. In an effort to manage these royalties, a billing, finance, secretariat and documentation team was formed in their activities to try to develop information and technology to improve the system that supports royalty management so that it is more transparent. All of these costs are covered from fees for services resulting from the collection of royalties.

The implication of this research is that operational costs are charged using a real cost system but must be supported by an appropriate budget. Prepare a budget as soon as possible with approval from each rights holder, so that activities can also be measured. The budget that has been prepared in the future must be closely monitored and also stated in the statute so that it is not influenced by new policies. There must be evidence/results of expenditure so that the money that has been spent can be accounted for.

It can be seen that the biggest cost is LMK's operating expenses, in the agreement this expense is entitled to 6.8% of the royalties collected. This means that of the total service fees received as royalty collection services, the LMKN's operational expenses are entitled to 68% of the total costs. So what is the minimum amount of royalties that must be collected to be able to support operations at the LMKN, and what should be the treatment if the collection of royalties is not sufficient, or what if it is excessive, should it be done considering we are a non-profit organization. And what is the appropriate calculation pattern to be applied in determining the amount of compensation for services.

RESEARCH METHOD

This research was conducted in May-July 2023. The research was held at LMKN. This research is a qualitative research which is a humanistic research, which makes humans the main subject in this research. The subject of this research looks at the views of creators, related rights owners, supervisors, and the government regarding proper operating funds given for the collection of royalties from creators and related rights, through the interview process. The data in this study were taken by means of interviews. To get the results needed in research, the data obtained must be processed first with theme analysis, where data is collected, it will be analyzed to identify patterns and find themes.

RESULTS AND DISCUSSIONS

To prove the hypothesis in research on the influence of work culture and work environment on work loyalty and work stress as mediating variables in MFIs using qualitative research. There are 2 hypotheses where the determination of the amount of service fees in order to cover operational costs at the LMKN is to bear the whole (real cost) of the proceeds from collecting royalties without using a percentage limit. The budget must be approved by all stakeholders, both from the activities offered as well as from the amount of value. The financing method by bearing the real cost will reveal the problems that have occurred so far, the bookkeeping will be more consistent, because costs will only come out based on the approved budget. The following is the discussion for more details.

Data analysis

Table 1. Comparison of operational costs with income

	2018	2019	2020	2021	2022
Royalty	3.627.407.370	7.488.967.139,10	7.372.098.638,67	13.383.921.969	7.057.939.004,00
Income					
Daily	-	910.656.000,00	2.640.108.135,00	3.259.459.303,00	2.878.635.790,00
Implementin					
g Expenses					
LMKN	3.441.100.175,11	5.711.661.213,34	6.066.267.350,23	8.182.662.574,45	5.193.545.076,81
Operational					
Costs					
Total	3.441.100.175,11	6.622.317.213,34	8.706.375.485,23	11.442.121.877,45	8.072.180.866,81
Operating					
Costs					

Before we look at determining the fairness of the use of operational costs, it is necessary to determine the equation first. We will use the high and low methods for variable costs and fixed costs that must be incurred by the LMKN during one operational year. Seen in 2021 as the highest operating costs and 2018 as the lowest operating costs. We will use these two years as the basis for calculating the high and low method.

Table 2. Highest annual income

	2018	2021	The difference between highs and slows
Total income	3.627.407,370	13.383.921.969,00	9.756.514.599,43

To determine the cost, it will be calculated how much the fixed and fluctuating costs are assumed to be in line with income.

Table 3. Ratio of operating expenses to Royalty income

Tahun	2018	2019	2020	2021	2022
Rasio	94,86%	88,43%	118,10%	85,49%	114,37%
Rata Rata	100%				
Median	94,86%				
Q1	86,96%	Selisih	29,29%		
Q2	116,23%				
Deviasi	= (116%-87%				
Kuartil	2				
	14,64%				

Income is the output of the institution (remuneration for services collected from royalties). The difference between 2021 and 2018 is Rp. 9,756,514,599,43,00. Total variable costs 82.01% of revenue. Total fixed costs Rp. 467,305,862.9. Quartile deviation = 14.64%, so that the comparison of the use of operational costs compared to income is most likely in the range of 0.949 ± 0.146425 between 80.26% and 109.54%. So, the cost equation that must be fulfilled.

Table 4. Comparison of Revenue with Royalty Collection Results

Tahun	2018	2019	2020	2021	2022
Conventiona	49,929.533.713	63.003.717.794	37.226.214.050	20.188.895.001	37.316.962.302
l Royalty					
Digital	21.373.551.058	18.527.334.680	45.221.646.570	60.653.827.050	-
Royalty					
Total	71.303.084.771	81.531.052.474	82.447.860.620	80.842.722.051	37.316.962.302
Royalties that have been collected					
Royalty Income	3.627.407.370	7.488.967.139	7.372.098.639	13.383.921.969	7.057.939.004
Earnings and Royalty ratios are collected	5,09%	9,19%	8,94%	16,56%	18,91%
Median	9,19%				
Quartile	5,36%				
Deviation					

Quartile Deviation = 5.36%, meaning that the comparison of collection of royalties compared to income is likely to be in the range of 0.919 ± 0.536 so based on historical data X% is estimated to be between 3.83% to 14.55%. With an average of royalties collected over the last 5 years of Rp. 70,688,336,444,00 and a median of Rp. 80,842,722,051,00.

Interview result

1. Nearly all said there was no problem with changing tariffs. Because the thought of tariffs so far is not quite right. Tariff is not a "ration" but is the result of performance.

2. And almost all of them said that in determining the mechanism for the income of the LMKN it was in accordance with the budget that had been approved by the relevant parties
3. By moving according to the budget, what will be fulfilled is the actual cost according to the approved budget
4. Almost all of them recommend preparing a budget immediately, not only for the short term but also for the long term. Which includes all activities that have been planned, both those which are investments that can be realized immediately but also investments with large values, which are expected to be reserved in the long-term budget

Discussion

1. Interview

After conducting interviews and calculating historical data, it turns out that all this time those who have been carried out often forget that the fee for services stated in the laws and government regulations is the maximum use where if it is not used it should be returned to the owner of the right. For this reason, it is better if the value of the suggestions from many sources is very reasonable, that all LMKN activities should be financed from the results of collecting royalties.

In this case there is a point but what about the supervision of its use. With that the budget must be made and monitored to maintain that the costs incurred are in accordance with the initial commitments that have been approved by the owners of the rights. Which is of course in compiling considering, it is impossible to buy expensive items with sober money. But savings can be the solution, namely also preparing a long-term budget.

Socialization costs are urgently needed to create public awareness to pay royalties for a work of music and songs for creators and related rights. Litigation costs are needed to create a deterrent effect on the public if they try to ignore the copyright law. And the most important thing is the development of technology in order to create an application or system that is automatic in withdrawal and distribution which can reflect the flow of the royalty money so that transparency and the level of trust of the right holders can be satisfied.

With the percentage of royalty collection alone, it is impossible to cover all costs, especially the three costs above, unless the royalty collection results increase sharply, then these costs may be met in less than a year. So by imposing all costs on the results of collecting royalties is very appropriate, but it must be accompanied by the preparation of short, medium and long term budgets projected for costs that are expensive. A good budget must be made so that performance can be measured.

Calculation of historical data for the past 5 years can be used as a reference in preparing budgets in addition to activity plans. If using the real cost method, operational costs are used as a reference where previously they were called income. It can be seen that the results of collecting royalties compared to operational costs are 0.919 ± 0.536 in the sense that the results of collecting royalties have the potential to create performance of 3.83% to 14.55%. In this case when we compile a budget we must also be able to set achievement targets in that range. Maybe in the short term budget we have not been able to realize performance in a low range, but it is hoped that in the long term budget we can create performance in a range below 5%.

CONCLUSION

The conclusions from this study can be drawn as follows: The method that is considered appropriate for determining the amount of compensation for services so that it can cover operational costs at the LMKN is to bear the whole (real cost) of the proceeds from collecting royalties without using a percentage limit. The percentage here changes its function as a measurement of performance, not as an allotment as it has been implemented so far. So whatever the income and expenditure is not a problem in routine activities, everything is measured in the performance of each period. The budget that must be made as a limitation of the use of costs. The budget must be approved by all stakeholders, both from the activities offered as well as from the amount of value. Budgets cannot only be made short-term versions but also long-term versions to prepare for activities that are quite expensive. The financing method by bearing the real cost will reveal the problems that have occurred so far, the bookkeeping will be more consistent, because costs will only come out based on the approved budget. The implication of this research is that operational costs are charged using a real cost system but must be supported by an appropriate budget. Prepare a budget as soon as possible with approval from each rights holder, so that activities can also be measured. The budget that has been prepared in the future must be closely monitored and also stated in the statute so that it is not influenced by new policies. There must be evidence/results of expenditure so that the money that has been spent can be accounted for. You can also get a decision letter from the Director General of Taxes immediately if you change your reporting method.

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