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Exploring the Implementation of the Pension Program for Severance Compensation as a Prefunding Mechanism for Post-Employment Benefits: A Reflective Case Study of a Financial Services Company

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Abstract: Post-employment benefit obligations create long-term financial and organizational challenges for companies, particularly when future benefit payments are exposed to liquidity constraints and regulatory changes. Although prefunding has been widely discussed in pension and accounting literature, limited empirical attention has been given to how Indonesian companies implement the Pension Program for Severance Compensation (Program Pensiun untuk Kompensasi Pesangon, PPUKP) as a context-specific mechanism for funding post-employment benefits. This study explores the implementation of PPUKP through a reflective single-case study of a financial services company in Indonesia. Using an exploratory qualitative approach, data were collected through semi-structured interviews with internal stakeholders and analysis of actuarial reports, internal policy documents, tax-related documents, implementation records, and financial data. The findings show that PPUKP was not implemented as a rigid full-funding mechanism, but as an adaptive and partial prefunding scheme shaped by liquidity conditions, funding capacity, regulatory considerations, governance arrangements, and stakeholder perceptions. The program helped reduce direct pressure on operational cash flow, while introducing managerial concerns related to funding adequacy, contribution sustainability, third-party fund governance, and stakeholder trust. This study contributes by positioning PPUKP as an organizational process that negotiates trade-offs between prudence, liquidity flexibility, risk management, governance, and internal legitimacy.

Keyword: PPUKP, Post-Employment Benefits, Prefunding, Governance, Risk Management, Stakeholder Trust, Reflective Case Study.

INTRODUCTION

Companies have long-term obligations to employees that do not end with the active employment relationship but continue beyond the end of the employment relationship. These obligations are reflected in various forms of post-employment benefits, such as severance pay, long-service awards, and other post-employment benefits. From an employment and human resource management perspective, post-employment benefits represent a company's commitment to employee welfare and are part of sustainable industrial relations (Dessler, 2020). From a signaling theory perspective, post-employment benefit policies are also seen as a signal of a company's commitment to employee welfare and the sustainability of employment relationships. Signaling theory states that compensation and benefit policies can influence employee perceptions of fairness, job security, and management credibility (Spence, 1973) . Industrial relations literature indicates that uncertainty in the fulfillment of post-employment rights has the potential to create tension in employment relations, reduce trust, and increase the risk of industrial conflict (Budd, 2019) .

Beyond the normative and social dimensions, post-employment benefit obligations are also understood as significant long-term financial obligations because their measurement is based on an actuarial approach that is sensitive to economic and demographic assumptions, such as discount rates, salary increase projections, employee turnover rates, retirement ages, and mortality rates (PSAK 24; IAS 19) (Indonesian Institute of Accountants., 2022) . PSAK 24 on Employee Benefits adopted from International Accounting Standard (IAS) 19 emphasizes that post-employment benefit obligations must be measured based on actuarial estimates of benefits to be paid in the future and discounted to present value (Indonesian Institute of Accountants., 2022); (IAS 19: Employee Benefits. IFRS Foundation., 2011) . Accounting literature shows that pension and post-employment obligations are material to the market and creditors, making them relevant in assessing a company's financial risk and stability (Glaum, 2009). Barth et al. (1992) further indicates that transparency in pension obligation disclosures significantly affects investor valuation and corporate risk perception. In addition, Rauh (2006) shows that pension funding decisions are closely associated with corporate financing constraints and internal liquidity conditions.

The long-term nature of post-employment benefits fundamentally differs from short-term business obligations. From a corporate risk management perspective, long-term obligations require funding strategies capable of reducing cash flow volatility and maintaining funding stability across periods (Froot et al., 1993). Campbell & Viceira (2005) also emphasize that long-term liability management requires consideration of uncertainty and intertemporal risk exposure. The value of these obligations is not only determined by past events but also depends heavily on assumptions about future conditions. The accounting literature indicates that small changes in these assumptions can result in significant volatility in the value of the obligation recognized in the statement of financial position (Amir, 1993) ; (Coronado & Sharpe, 2003) . (Amir, 1993) indicates that defined benefit pension obligations are highly sensitive to changes in discounting assumptions, potentially affecting investors' perceptions of corporate risk. Coronado & Sharpe (2003) also emphasize that pension and post-employment benefit obligations are often inadequately reflected in conventional financial performance analysis, despite their material and long-term impact on corporate risk.

In practice, many companies still manage post-employment benefit obligations using a pay-as-you-go approach. This approach is relatively simple and does not require special upfront funding planning. However, the pay-as-you-go approach has the potential to increase exposure to cash flow risk, particularly when obligations are realized simultaneously under certain circumstances such as organizational restructuring or large-scale layoffs. Financial literature indicates that decisions regarding the funding of pension and post-employment obligations have implications for a company's financial risk and cannot be viewed as neutral from a risk management perspective (Bodie, 1990) . Bodie (1990) emphasized that long-term employment obligations, including pension and post-employment compensation obligations, need to be managed through a risk-smoothing mechanism to avoid the concentration of financial burdens in certain periods.

The pay-as-you-go approach does provide short-term flexibility because the company does not need to allocate funds specifically before the obligation matures. Franzoni (2009) explains that pension contribution decisions may influence corporate financial flexibility and market perceptions regarding the company's future financial capacity. This indicates that prefunding policies involve strategic trade-offs between liquidity preservation and long-term obligation readiness. However, this approach also has structural limitations because it exposes the company to the risk of episodic and unpredictable surges in cash outflows, especially during organizational restructuring or economic stress (Bodie, 1990) . In addition to the direct payment approach, some companies maintain internal reserves by establishing reserves or specific assets on the company's balance sheet. This approach can increase the company's readiness to meet future obligations, but still leaves funds exposed to operational and liquidity risks. From a corporate finance perspective, internal reserves create a trade-off between funding readiness and the company's financial flexibility (Coronado & Sharpe, 2003) .

Alternatively, companies can fund post-employment benefit obligations through third parties, such as pension funds. Davis (1998) explains that pension funding mechanisms function not only as employee protection instruments but also as long-term financial stabilization mechanisms for corporations. Furthermore, effective pension fund management depends heavily on governance quality and institutional monitoring systems (Useem & Mitchell, 2000). The finance and pension literature views this approach as a risk pooling and risk smoothing mechanism that allows companies to spread the financial burden over time and transfer some management risk to professional institutions (Blake, 2006) . Blake (2006) emphasizes that the effectiveness of funding long-term obligations through specialized institutions is highly dependent on the institutional design, governance, and regulatory certainty surrounding them.

With increasing attention to long-term financial governance and the adoption of accounting standards requiring the recognition of post-employment benefit obligations, companies have begun to consider various alternative provisioning policies. One option emerging in Indonesia is the Pension Program for Severance Compensation, locally known as *Program Pensiun untuk Kompensasi Pesangon* (PPUKP), a scheme for funding post-employment benefit obligations through the Financial Institution Pension Fund (*Dana Pensiun Lembaga Keuangan, DPLK*). Conceptually, the policy for funding pension and post-employment obligations is understood as a strategic choice influenced by company conditions and managerial incentives, not simply a technical accounting decision (Sharpe, 1976) .

PPUKP is a form of funding for post-employment benefit obligations through a third party using a prefunding approach. Tax considerations are also important in pension funding decisions because contribution structures and funding policies may affect corporate financing efficiency and long-term capital allocation (Tepper, 1981). Through this scheme, companies can gradually build up funds before the post-employment benefit obligations actually mature. From a risk management perspective, funding through schemes such as PPUKP can be understood as an instrument for inter-period risk mitigation because companies seek to spread the burden of obligations across time and reduce reliance on ad hoc payments (Blake, 2006) . From a corporate finance perspective, post-employment obligations represent claims on future cash flows that compete with other funding needs such as investments, debt payments, and dividends. Modigliani & Miller (1963) showed that a company's funding structure affects the distribution of risk and the cost of capital, so the decision to fund post-employment obligations through schemes such as PPUKP also needs to be understood as part of a company's strategic financial policy.

However, international literature indicates that funding through pension funds is not economically neutral. Blake (2006) demonstrated that the effectiveness of funding schemes is significantly influenced by institutional design, benefit structure, and fund management governance. Barr (2010) emphasized that employee benefit funding programs have significant implications for risk perception, contribution design, and stakeholder expectations. Furthermore, Omori & Kitamura (2020) demonstrated that pension plan funding decisions are also related to tax benefits, debt capacity, and corporate risk-taking, so funding post-employment obligations does not always generate linear financial benefits. These findings reinforce the view that funding post-employment obligations needs to be understood as a corporate finance decision involving trade-offs, not simply a compliance or accounting decision.

The implementation of PPUKP in Indonesia is also inseparable from the dynamics of the regulations surrounding it. Provisions regarding post-employment benefits are rooted in Law Number 13 of 2003 concerning Manpower and subsequently underwent substantial changes through the Job Creation Law and its implementing regulations. From an accounting perspective, post-employment benefit obligations must still be recognized and measured in accordance with PSAK 24, which adopts the principles of IAS 19. Institutional literature indicates that changes and the level of regulatory certainty play a significant role in shaping corporate policy practices, particularly in the context of long-term policies such as funding pension and post-employment obligations (North, 1990) .

Historically, the PPUKP began to develop in 2013 through the PPUKP Implementation and Management Guidelines issued by the Association of Financial Institution Pension Funds (ADPLK) (ADPLK, 2013). In that initial phase, PPUKP was positioned as a practical solution for companies to fund severance pay and post-employment benefits. The next important milestone occurred in 2017 with the issuance of Financial Services Authority Regulation Number 5/POJK.05/2017 concerning Contributions, Pension Benefits, and Other Benefits Provided by Pension Funds, which explicitly opened up space for DPLK to provide other benefits, including post-employment compensation.

However, the development of the PPUKP program has not been linear. In the 2017–2019 period, various discussions emerged regarding tax grey areas and potential differences in interpretation between financial sector authorities and tax authorities. This situation created uncertainty, leading most Pension Funds (DPLK) to temporarily halt the marketing of new PPUKP programs in the 2019–2021 period. The situation began to change after the issuance of Minister of Finance Regulation No. 168/PMK.03/2023 and Financial Services Authority Regulation No. 27/POJK.05/2023, which provided greater certainty regarding the taxation aspects and legality of implementing other benefit programs within pension funds.

In this context, the implementation of PPUKP at the company level is a highly contextual phenomenon. There is no universal approach to post-employment benefit funding, as each approach has different implications for a company's cash flow, risk, governance, and financial flexibility (Bodie, 1990 ; Coronado & Sharpe, 2003) . Therefore, a company's decision to implement PPUKP is influenced by various factors such as workforce structure, cash flow stability, funding capacity, regulatory context, and management's risk appetite.

This study adopts an integrated conceptual perspective to understand PPUKP implementation as a multidimensional organizational phenomenon. From a corporate finance and risk management perspective, PPUKP represents a mechanism for managing long-term post-employment obligations while balancing liquidity flexibility and funding readiness. Institutional theory explains how regulatory developments and accounting requirements shape organizational responses and influence implementation decisions. Governance perspectives highlight the importance of monitoring, accountability, and third-party fund management in ensuring program sustainability. Meanwhile, signaling theory suggests that the establishment of a structured prefunding mechanism may communicate organizational commitment to employee welfare, thereby influencing stakeholder perceptions and trust. These perspectives are not treated as competing explanations but as complementary lenses that collectively explain how companies design, implement, and sustain PPUKP while navigating trade-offs among financial prudence, regulatory compliance, governance quality, liquidity management, and stakeholder legitimacy

In practice, the implementation of the PPUKP also faces tensions or trade-offs that companies need to manage. On the one hand, companies need to establish long-term funding disciplines and demonstrate prudence in managing post-employment obligations. However, on the other hand, companies must maintain liquidity flexibility and consider other business funding needs. Furthermore, the implementation of the PPUKP can partially mitigate the risk of direct benefit payments, but it also creates new risks related to fund management governance and funding adequacy.

Considering these dynamics, the implementation of PPUKP at PT ABC is interesting to study not only as an example of the implementation of a prefunding scheme for post-employment benefit obligations, but also as a reflection on the extent to which this conceptually promising scheme actually functions in company practice. The question that arises is not only how this scheme is implemented, but also whether PPUKP at PT ABC is merely an administrative reserve mechanism or is able to substantively support financial risk management and build internal stakeholder trust.

PT ABC is a financial services company engaged in the heavy equipment financing sector where it serves as a leading player, possessing business characteristics that are highly sensitive to liquidity management, cost of funds, and the dynamics of financing competition. In this context, cash flow management and funding structure are very important aspects in the company's financial decision-making, including in the management of post-employment benefit obligations. Prior to the implementation of PPUKP, the company had recognized post-employment benefit obligations through actuarial calculations and accounting records in accordance with applicable PSAK. However, the majority of these obligations were still unfunded, and benefit payments were made using a pay-as-you-go approach.

As the value of actuarial liabilities increased and awareness of potential future cash flow pressures grew, the company began considering establishing a prefunding mechanism through the PPUKP around 2020. The COVID-19 pandemic also reinforced the company's attention to the importance of maintaining a balance between short-term cash flow flexibility and readiness to face long-term obligations. During the implementation process, the company held cross-functional discussions involving HR, Finance/Treasury, Accounting, tax consultants, actuaries, and the DPLK (Financial Institution for Pension Funds). This demonstrates that the implementation of the PPUKP at PT ABC from the outset was viewed not simply as an administrative policy, but as a decision with broad financial, regulatory, governance, and industrial relations implications.

Although previous studies have extensively discussed pension funding, post-employment benefit obligations, and prefunding strategies from accounting, finance, and regulatory perspectives, most have focused on actuarial measurement, funding efficiency, tax implications, or financial reporting consequences. Existing literature provides limited understanding of how PPUKP is actually implemented within organizational settings, particularly regarding how companies balance liquidity constraints, funding discipline, governance considerations, regulatory uncertainty, and stakeholder expectations during implementation. Consequently, the organizational dynamics underlying PPUKP adoption remain insufficiently explored. This study addresses this gap by providing an in-depth reflective analysis of PPUKP implementation in an Indonesian financial services company and contributes new knowledge by conceptualizing PPUKP not merely as a technical funding instrument, but as an adaptive organizational process through which companies negotiate trade-offs among financial prudence, liquidity flexibility, governance requirements, risk management, and stakeholder trust.

Thus, this research aims to explore the implementation practices of PPUKP at PT ABC and identify aspects that need to be considered to ensure the prefunding scheme can be implemented more meaningfully and sustainably. This research does not position PPUKP as a solution that automatically resolves all post-employment obligation issues, but rather as an adaptive organizational policy influenced by the interaction between the regulatory context, organizational conditions, implementation design, risk management, and internal stakeholders' perceptions of the program.

METHOD

This research uses a qualitative approach with a reflective single-case study design at PT ABC. This approach was chosen because PT ABC is seen as an information-rich context for understanding the implementation of the Pension Program for Severance Compensation (PPUKP) in post-employment benefit management, not for statistically testing causal relationships. The single-case study design aligns with Yin's (2018) view that single-case studies are relevant for exploring policy phenomena in depth within a specific organizational context.

The research object is PT ABC, a company that has implemented PPUKP as part of its post-employment benefit obligation management. The research context covers the periods before and after the implementation of PPUKP to examine changes in the post-employment obligation funding approach reflectively and contextually.

The study used a combination of qualitative and quantitative data. Qualitative data were obtained through semi-structured interviews with internal company stakeholders and documentation studies, such as company policies, actuarial reports, financial statements, agreements with the Pension Fund (DPLK), and relevant regulatory documents. Quantitative data, including PPUKP contributions, benefit payments, management fees, investment returns, PPUKP fund balances, and total annual post-employment benefit obligations, were used as illustrative support.

Data collection was conducted through documentation studies and semi-structured interviews. Informants were selected purposively to capture perspectives from functions directly related to the design, implementation, monitoring, and perception of the PPUKP scheme, including finance, accounting, HR, treasury/risk management, and employee representatives across senior management, middle management, and staff levels. The data collection process followed the case study principles according to Yin (2018) , namely utilizing various data sources, maintaining a chain of evidence, and building a case study database to increase consistency and depth of information. Data analysis was conducted by combining descriptive qualitative and quantitative analysis. The qualitative analysis used pattern matching and explanation building strategies with reference to the research conceptual framework. Interview and document data were coded based on the main analysis areas, namely the design and implementation of PPUKP, financial condition and cash flow, regulatory context and risk perception, and internal stakeholder responses. Meanwhile, quantitative data were analyzed descriptively to illustrate the financial implications of PPUKP implementation on the company's liability funding and cash flow profile.

Research validity was enhanced through triangulation of data sources by combining interviews, internal documents, and quantitative data, as well as maintaining a traceable chain of evidence as recommended by Yin (2018) . Reliability was maintained through the use of case study protocols and systematic recording of research procedures. This research has limitations due to its single-case study design, meaning the findings are not intended to be statistically generalized. Furthermore, the quantitative analysis used is illustrative and relies on historical data and certain assumptions. Therefore, the research results are more focused on generating a contextual and reflective understanding of the implementation of PPUKP at PT ABC.

RESULT AND DISCUSSION

The Context of PPUKP Implementation in PT ABC

Prior to the implementation of PPUKP, PT ABC had recognized post-employment benefit obligations through actuarial calculations and accounting records in accordance with applicable standards. However, most of these obligations remained unfunded and were settled using a pay-as-you-go approach through the company's operational cash flow. Under this arrangement, the company did not maintain a dedicated external funding mechanism specifically prepared for future post-employment benefit payments. Consequently, the fulfillment of these obligations remained dependent on the company's liquidity condition at the time the benefit payments were due.

This condition gradually became more relevant as the value of actuarial liabilities increased and management became more aware of the potential cash flow implications of post-employment benefit obligations. Accounting recognition was necessary for financial reporting purposes, but it did not automatically ensure the availability of funds when obligations materialized. Therefore, the issue faced by the company was not only how to record post-employment benefit obligations, but also how to prepare funding capacity without creating sudden pressure on operational liquidity.

The emergence of the PPUKP option was influenced by increasing corporate attention to the risk of post-employment obligations, regulatory developments, and the availability of the DPLK scheme, which was viewed as providing a more flexible prefunding mechanism. The COVID-19 pandemic in 2020 also reinforced corporate attention to the importance of maintaining a balance between short-term cash flow flexibility and readiness to face long-term obligations. During the process, the company held cross-functional discussions involving HR, Finance/Treasury, Accounting, actuaries, tax consultants, and DPLK to consider aspects of liquidity, taxation, governance, and operational readiness before implementation.

PT ABC then established a PPUKP implementation policy through a Board of Directors Decree in 2020. The program focused on specific employee groups, particularly those aged 45 and above, who had greater liability exposure. Implementation was carried out in stages, taking into account the company's financial condition and the development of actuarial obligations. This staged design indicates that PPUKP was not introduced as an immediate full-funding mechanism, but as a selective and gradual funding arrangement aligned with the company's financial capacity.

These findings indicate that the implementation of PPUKP at PT ABC developed from the company's need to manage increasingly material post-employment benefit obligations that could potentially put pressure on future liquidity. The program therefore emerged not merely as an accounting response, but as an adaptive and contextual prefunding mechanism intended to strengthen long-term funding readiness while preserving the company's liquidity flexibility.

Design and Implementation Effectiveness of PPUKP

PPUKP implementation at PT ABC began in 2020 as an effort to establish a more structured funding mechanism for post-employment benefit obligations. Prior to implementation, the company used a pay-as-you-go approach and partially offset funds from the Employer-Sponsored Pension Plan, which was considered to still pose a risk of cash shock when large benefit payments occurred. Therefore, the company began considering a prefunding mechanism through PPUKP.

The PPUKP design at PT ABC was formulated through legal, fiscal, and financial considerations, including an independent tax opinion regarding the taxation aspects of contributions to the DPLK. The program was designed using a pooled fund approach and did not apply full funding to all employees. Instead, it focused on the age group of 45 years and above, who represented greater liability exposure. The formal policy was then outlined in a Board of Directors Decree, which emphasized the program's objectives: to help ensure the availability of post-employment benefit funds, achieve investment returns, and support tax efficiency.

In practice, PPUKP implementation involved cross-functional coordination between HR, Finance/Treasury, Accounting, actuaries, and DPLK. The company also regularly monitored fund balances, investment development results, and the development of actuarial liabilities. This coordination indicates that the program was embedded into several organizational functions, rather than being managed only as an administrative arrangement by a single unit.

However, contributions and top-ups to the program were not always made consistently every year because the company continued to consider liquidity conditions and business priorities. This pattern shows that PPUKP implementation at PT ABC was adaptive and pragmatic. The company did not treat the program as a rigid full-funding mechanism, but as a gradual prefunding arrangement that had to remain aligned with cash flow capacity and broader business needs.

These findings suggest that the implementation of PPUKP at PT ABC is not only related to the establishment of a reserve fund, but also to how the program design is translated into daily organizational practices. PPUKP has functioned substantively as a prefunding mechanism for post-employment obligations, yet its effectiveness is determined not only by the existence of a formal policy. It also depends on contribution consistency, liquidity capacity, cross-functional coordination, monitoring discipline, and the company's ability to maintain program sustainability over time. Therefore, PPUKP at PT ABC is more accurately understood as an adaptive, gradual, and contextual prefunding mechanism tailored to the company's circumstances.

Liquidity and Prefunding Trade-Off

The PPUKP contribution pattern during the 2020–2024 period shows that funding decisions at PT ABC were not made mechanically but were adjusted to the company's liquidity conditions and business priorities in each period. The company made a large initial contribution in 2020, followed by a lower contribution in the subsequent year. Contributions then stopped for several periods and resumed in 2024. This pattern indicates that the company treated PPUKP as a flexible funding mechanism rather than a fixed annual funding obligation.

Table 1. PPUKP Contribution and Post-Employment Benefit Obligation of PT ABC, 2020-2024 (in Rupiah)

Year	2020	2021	2022	2023	2024
PPUKP Contribution	5,650,000,000	1,577,000,000			5,152,890,000
Benefit Payment		(2,452,800,000)	(111,134,100)	(3,175,000,000)	(2,796,735,000)
Management Fee	(7,024,176)	(43,301,208)	(48,326,311)	(27,887,903)	(19,009,361)
Development Results	75,861,083	227,231,517	201,073,060	141,857,612	169,787,153
PPUKP Balance	**5,718,836,906**	**5,026,967,216**	**5,068,579,865**	**2,007,549,574**	**4,514,482,366**
Total Post-Employment Benefit Obligation	**10,767,130,000**	**7,669,437,000**	**7,883,073,000**	**8,739,270,000**	**11,078,152,000**

PPUKP funds were also actively used for post-employment benefit payments, management fees, and investment development. The movement of the fund balance shows that PPUKP functioned as a practical benefit payment mechanism, not merely as a passive reserve. The existence of the fund allowed the company to meet part of its post-employment benefit payments from funds that had been prepared in advance, thereby reducing the need to rely entirely on operational cash flow when benefit payments became due.

However, the PPUKP fund balance still did not fully cover the company's total post-employment benefit obligations. This condition indicates that the company implemented a partial prefunding approach, with priority given to employee groups that had greater liability exposure. In this sense, PPUKP improved funding readiness, but did not eliminate the need for the company to manage the remaining unfunded portion of its post-employment benefit obligations.

From a management perspective, PPUKP helped mitigate the risk of cash shock by shifting part of the benefit payment burden into a more manageable funding pattern. At the same time, routine contributions to the program still had to be balanced against other liquidity needs, including financing and operational requirements. The implementation of PPUKP also increased the need for governance, monitoring, and coordination among HR, Finance/Treasury, Accounting, actuaries, auditors, and DPLK.

This pattern indicates that the implementation of PPUKP at PT ABC functions as a prefunding mechanism that helps the company manage cash flow pressure and improve its readiness to fund post-employment obligations in a more structured manner. However, the program's effectiveness is not determined solely by the level of full funding, but by the company's ability to maintain a continuing balance between prefunding discipline and liquidity flexibility. In this context, PPUKP operates as a risk-smoothing mechanism that supports long-term funding readiness while still allowing the company to preserve financial flexibility.

Regulations, Financial Reporting, and Risk Perception

During the early stage of PPUKP implementation in 2020, PT ABC requested an independent tax opinion to assess the legal and taxation aspects of contributions to the DPLK. The opinion became an important reference for the company in determining whether contributions to the DPLK could be treated as deductible company expenses and whether benefit payments through the DPLK could receive more efficient tax treatment than direct payments by the company. This indicates that taxation was one of the key considerations in the company's decision to implement PPUKP.

In addition to taxation aspects, financial reporting standards also influenced how the company managed and presented its post-employment benefit obligations. Under PSAK 24, and later PSAK 219, post-employment benefit obligations had to be recognized and measured based on actuarial calculations. After PPUKP was implemented, funds placed in the DPLK were recognized as plan assets and could therefore be offset against the company's actuarial liabilities. This helped the company establish a more structured and transparent liability presentation, although it also increased the complexity of measurement, disclosure, data reconciliation, and audit processes.

Regulatory dynamics also shaped management's perception of risk. In the early implementation period, the company had to consider the historical ambiguity surrounding PPUKP, particularly regarding its tax treatment and regulatory interpretation. This condition encouraged the company to adopt a cautious and phased approach to program contributions. Rather than treating PPUKP as a purely technical arrangement, management viewed the program as a funding mechanism that needed to remain aligned with legal certainty, tax compliance, and accounting treatment.

The implementation of PPUKP helped transform the risk of sudden benefit payments into a smoother and more predictable funding pattern. However, the program did not completely eliminate risk. Instead, it shifted the nature of risk faced by the company from direct liquidity risk to issues related to funding adequacy, contribution continuity, investment development results, and the governance of third-party fund management. This shift required stronger monitoring and coordination among internal functions and the DPLK.

These findings reflect that the implementation of PPUKP at PT ABC was significantly influenced by regulatory dynamics, financial reporting requirements, and management's perception of post-employment benefit risk. PPUKP can therefore be understood as a funding mechanism that balances compliance, financial prudence, and long-term risk management. While it helps reduce the pressure of sudden benefit payments on company liquidity, its effectiveness depends on the company's ability to manage the new risks arising from funding adequacy, regulatory interpretation, accounting treatment, and third-party fund governance.

Internal Stakeholder Trust and PPUKP Sustainability

From a management perspective, PPUKP was viewed as a mechanism that helped strengthen the company's readiness to fund post-employment benefit obligations in a more structured manner than the pay-as-you-go approach. HR also observed that the existence of funds placed in the DPLK helped strengthen the perception of benefit certainty for employees, particularly those approaching retirement age. This indicates that PPUKP was not only interpreted as a financial arrangement, but also as a signal of the company's commitment to preparing future employee benefits.

At the internal stakeholder level, perceptions of PPUKP varied across organizational levels. Management and directors tended to view PPUKP as a prefunding mechanism that could improve funding certainty, while still emphasizing governance, investment returns, and the security of funds managed by a third party. Managers were more concerned with the clarity of benefit mechanisms and the consistency of policy implementation. Meanwhile, staff tended to view PPUKP as a supplementary program that helped support post-employment benefit certainly, although their understanding of the program's detailed mechanism remained limited.

These differences in perception show that stakeholder trust in PPUKP is shaped not only by the existence of the program, but also by how each organizational level understands its objectives, mechanisms, and implications. From an organizational behavior perspective, employee benefit protection programs may strengthen perceived organizational support and influence employee trust toward management (Eisenberger et al., 1986). Similarly, employee perceptions regarding benefit certainty and organizational support may influence organizational commitment and long-term employee loyalty (Meyer & Allen, 1991).

The research also identified governance concerns and communication gaps in program implementation. Several stakeholders questioned the transparency of fund management, investment returns, and the program's long-term sustainability. Furthermore, differences in understanding across organizational levels indicate that communication regarding the objectives and mechanisms of the PPUKP is not yet fully equitable. Furthermore, fairness issues also emerged regarding the program's focus on employees aged 45 and over as part of a partial prefunding approach based on risk prioritization.

The evidence suggests that the implementation of PPUKP at PT ABC is not only related to the financial aspects and funding of post-employment obligations, but also to how the program is understood and trusted by internal stakeholders. Stakeholder trust remains conditional and is influenced by governance quality, transparency of fund management, consistency of company contributions, fairness perception, and the quality of organizational communication. Therefore, PPUKP implementation reflects that managing post-employment benefit obligations requires not only funding and compliance, but also the continuous development of internal legitimacy and sustainable organizational trust.

Synthesis of Triangulated Findings

Triangulation was conducted by comparing cross-functional interviews, internal policy documents, actuarial reports, PPUKP contribution and disbursement data, financial reports, and regulatory and tax documents. The comparison shows a consistent pattern in how PPUKP was understood and implemented at PT ABC. Triangulation shows that the implementation of PPUKP is understood as the company's effort to build a more structured prefunding mechanism for post-employment benefit obligations, although its implementation remains partial and adaptive to the company's conditions.

Table 2. Matrix Triangulation of Main Findings

Findings Themes	Interviews	Documents / Data	Interpretive Synthesis
PPUKP is understood as a substantive prefunding mechanism	The CFO, HR, and accounting state that PPUKP funds are prepared to facilitate actual post-employment benefit payments	PPUKP bank statements indicate the presence of contributions, investment returns, and benefit payments to employees	PPUKP at PT ABC does not merely serve as an administrative reserve, but has been practically utilized as a funding mechanism for post-employment benefits
PPUKP implementation is partial and adaptive	Management conveys that contributions continue to consider the company's liquidity conditions and business priorities	Contribution data show a fluctuating pattern across years and are not executed rigidly	Prefunding is implemented gradually, considering the trade-off between funding discipline and liquidity flexibility
PPUKP helps reduce cash spike pressures	The CFO and Treasury explain that a portion of benefit payments can be met using previously prepared funds	Benefit payment data through the PPUKP account indicate the utilization of funds for actual benefit payments	PPUKP helps transform the benefit payment pattern from being event-driven to becoming more manageable
Risks do not disappear but shift in form	Management-level informants highlight governance, fund adequacy, and investment returns as new concerns	Funds are allocated and managed by a third party through a Financial Institution Pension Fund (DPLK) investment mechanism	PPUKP implementation mitigates a portion of direct liquidity risks, yet gives rise to governance and funding adequacy risks
Regulations and taxation influence implementation decisions	Finance and Accounting informants cite PSAK and taxation aspects as critical considerations	Tax opinions and actuarial reports demonstrate the company's attention toward deductibility, plan assets, and accounting treatments	PPUKP implementation is driven by considerations of prudence, compliance, and long-term risk management
Stakeholder perceptions of PPUKP are diverse	Senior employees place greater emphasis on governance and sustainability, whereas staff-level employees focus more on benefit certainty and fairness	Cross-level interviews indicate variations in the level of understanding and concerns regarding the program	Trust in PPUKP is influenced by organizational position, program understanding, and perceptions of implementation consistency

Consistency across data sources is evident in the shared stakeholder perspectives regarding the shift in the post-employment obligation management approach, from reactive payments to more gradual payments through periodic company contributions. Data on the implementation of the PPUKP and actuarial reports also support the company's efforts to prefund a portion of its post-employment obligations. Furthermore, the accounting treatment related to the recognition of plan assets and post-employment benefit obligations demonstrates that the PPUKP has been integrated into the company's financial management practices.

However, the study also found differences in perspective across organizational levels. Managers and directors placed greater emphasis on governance, program sustainability, and investment risk, while staff focused more on clarity of benefits, access to information, and perceptions of program fairness. These findings suggest that PPUKP implementation has not only financial dimensions but also organizational and psychological dimensions that influence internal stakeholder acceptance.

This research has limitations due to its use of a single case study and the ongoing program implementation phase. Therefore, the research results are contextual and more focused on understanding the dynamics of PPUKP implementation in organizational practice rather than generating statistical generalizations. Nevertheless, the use of multiple data sources and cross-functional interviews is expected to enhance the credibility and consistency of the research interpretations.

Reflection on the Implementation of PPUKP at PT ABC

The implementation of PPUKP at PT ABC shows that the company has established a dedicated funding mechanism through the DPLK and has used the accumulated funds for actual post-employment benefit payments. This indicates that the program is not merely an administrative reserve but has been integrated into the company's post-employment benefit payment process. At the same time, the fund does not fully cover all post-employment benefit obligations, as the program is applied selectively to employees aged 45 years and above who represent higher liability exposure.

The contribution pattern during the 2020–2024 period further shows that prefunding was implemented gradually and adaptively. The company made an initial contribution when the program was established, adjusted subsequent contributions according to liquidity conditions, and resumed funding when business and cash flow considerations allowed. This pattern suggests that PPUKP at PT ABC operates as a priority-based partial prefunding mechanism rather than a rigid full-funding arrangement.

From a financial risk management perspective, PPUKP helps mitigate the risk of cash spikes arising from direct post-employment benefit payments. By preparing funds in advance through DPLK, the company can shift part of the benefit payment burden from event-driven cash outflows into a more manageable funding pattern. This finding is consistent with Rauh (2006), who indicates that pension funding decisions are frequently adjusted according to corporate liquidity capacity and financing constraints.

However, the implementation of PPUKP does not eliminate risk entirely. Instead, it changes the nature of the risk faced by the company. Direct liquidity risk is partly reduced, but new concerns emerge regarding funding adequacy, contribution continuity, investment development results, and the governance of third-party fund management. In the context of PT ABC, which operates in a financing industry that is highly sensitive to liquidity and business funding needs, these risks must be managed carefully so that prefunding discipline does not undermine financial flexibility.

To further synthesize these findings, the following matrix positions PPUKP within a broader spectrum of post-employment benefit funding options. The matrix does not suggest that one approach is universally superior but highlights how each option reflects different implications for liquidity exposure, funding readiness, governance intensity, financial flexibility, and stakeholder trust.

Table 3. Conceptual Matrix of Post-Employment Benefit Funding Options and Risk Characteristics

Funding Strategy Options	Main Risk Characteristics	Strengths	Limitations	Relatively Suitable Conditions
Pay-as-you-go	Liquidity risk is event-driven and arises when benefit payments become due.	Provides high short-term cash flexibility because the company does not need to set aside funds in advance.	Vulnerable to cash shock, particularly when large or simultaneous benefit payments occur.	Companies with relatively small post-employment benefit obligations, a younger employee profile, strong cash flow, and

Funding Strategy Options	Main Risk Characteristics	Strengths	Limitations	Relatively Suitable Conditions
				relatively low short-term benefit payment risk.
Internal reserve	Liquidity risk begins to be managed, but the funds remain exposed to the company's internal funding priorities.	Provides an initial signal of funding readiness without fully releasing company control over the funds.	Reserve discipline may be disrupted by other business needs, making funding adequacy dependent on internal commitment.	Companies that begin to require a more structured funding arrangement but still need flexibility and internal control over the funds.
Prefunding through PPUKP/DPLK	Cash shock risk is reduced, but risk shifts to funding adequacy, investment returns, third-party governance, and contribution continuity.	Supports risk smoothing, improving funding transparency, strengthens discipline in managing obligations, and may enhance internal stakeholder trust.	Reduces financial flexibility because funds are placed outside the company; requires stronger monitoring, reconciliation, communication, and governance.	Companies with material post-employment benefit obligations, an aging workforce profile, a need to strengthen funding governance, and an intention to build internal stakeholder trust.

The matrix indicates that PPUKP becomes particularly relevant when post-employment benefit obligations have become financially material, when liquidity risk needs to be managed more predictably, and when the company seeks to strengthen funding discipline and stakeholder trust. However, its implementation also requires stronger governance, consistent monitoring, and sustained contribution discipline. Therefore, PPUKP should not be understood as a universally superior funding option, but as a contextual mechanism whose effectiveness depends on organizational capacity, liquidity conditions, regulatory clarity, and the company's risk profile.

From a prudence perspective, the implementation of PPUKP demonstrates the company's effort to build more structured long-term funding readiness in line with PSAK provisions and tax regulations. Nevertheless, prudence in this case is not reflected through full funding of all obligations, but through a phased and realistic approach that considers the company's financial capacity, employee liability exposure, and program sustainability. This interpretation is important because it positions prudence not as maximum funding at all times, but as disciplined funding within the limits of organizational and financial capacity.

Overall, the implementation of PPUKP at PT ABC reflects a trade-off between prefunding discipline and liquidity flexibility. The program functions substantively as a prefunding mechanism, but its sustainability depends on the company's ability to maintain governance quality, contribution continuity, regulatory compliance, liquidity flexibility, and internal stakeholder trust. Therefore, PPUKP at PT ABC is better understood not as a one-time funding solution, but as an adaptive organizational mechanism for managing post-employment benefit obligations over time.

CONCLUSION

This research concludes that PPUKP at PT ABC operates as an adaptive prefunding arrangement that connects post-employment benefit management with liquidity planning, governance, and internal stakeholder trust. The program was not introduced merely as an administrative reserve or an accounting response, but as part of the company's effort to strengthen long-term funding readiness while preserving liquidity flexibility. In practice, PPUKP was implemented selectively and gradually, particularly for employees with higher liability exposure, and its contribution pattern was adjusted to the company's financial condition, business priorities, and regulatory context.

The findings show that PPUKP helps reduce the pressure of direct benefit payments on operational cash flow by shifting part of the obligation into a more structured funding arrangement through the DPLK. However, the implementation of PPUKP does not eliminate financial risk entirely. Instead, it changes the nature of risk from immediate liquidity pressure to issues related to funding adequacy, contribution continuity, investment performance, third-party fund governance, and internal stakeholder trust. This finding is consistent with prior studies that view post-employment benefit obligations as relevant to corporate risk perception and financial assessment (Barth et al., 1992), and that corporate risk management requires coordination between financing capacity, investment decisions, and liquidity considerations (Froot et al., 1993).

The study also shows that the effectiveness of PPUKP depends not only on financial and regulatory considerations, but also on governance quality and stakeholder perception. The availability of funds may strengthen the perception of benefit certainly, yet trust in the program remains conditional on transparency, policy consistency, contribution sustainability, and the credibility of third-party fund management. This reinforces the view that pension-related arrangements require effective governance and institutional oversight to ensure that their intended benefits can be realized in practice (Useem & Mitchell, 2000).

Accordingly, companies implementing PPUKP need to strengthen monitoring mechanisms, periodically evaluate funding adequacy, improve communication to employees, and ensure that the program remains aligned with regulatory developments and organizational capacity. Overall, this research positions PPUKP as a contextual corporate finance and governance practice in managing post-employment benefit obligations. Its value lies not in achieving full funding immediately, but in enabling companies to build funding discipline progressively while maintaining financial flexibility and internal legitimacy.

From a theoretical perspective, this study extends the understanding of post-employment benefit prefunding beyond the conventional view that funding mechanisms are primarily financial or accounting instruments. The findings suggest that PPUKP is better understood as an adaptive organizational process in which companies continuously negotiate trade-offs among liquidity management, risk mitigation, regulatory compliance, governance requirements, and stakeholder expectations. This perspective integrates insights from corporate finance, risk management, institutional theory, governance, and signaling theory, demonstrating that prefunding decisions are shaped not only by economic considerations but also by organizational legitimacy and stakeholder trust. Therefore, the study contributes a more holistic understanding of post-employment benefit funding by conceptualizing PPUKP as a dynamic governance mechanism rather than a purely technical funding arrangement.

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