

Determinants of Human Resources Accounting Disclosure and their Impact on Financial Performance as Intervening Variables



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ABSTRACT: The purpose of this study is to most of which indicate that human resource accounting disclosures have an influence on company performance, which refers to the research of al Mamun (2009) and Widodo (2014). Seeing that there are not many studies in Indonesia that examine the disclosure practices of human resource accounting in Indonesian companies and their relationship to company performance, it is very appropriate to conduct further research in Indonesia and contribute to novelty to this research. Research that can provide empirical evidence to practitioners and regulators that human resource accounting has great benefits for companies on financial performance.

This research is a descriptive quantitative study with the type of describing the factors that affect the level of human resource accounting disclosure. The data used is secondary data from annual financial reports (annual reports) published on the Indonesia Stock Exchange (IDX) through the website www.idx.co.id in the 2017-2018 period. The population that is the object of this research is manufacturing and financing companies listed on the IDX in 2017-2018. The sample data used in this study were 113 manufacturing and financial companies listed on the Indonesia Stock Exchange (IDX) from 2017-2018. The statistical analysis used is the multiple linear regression approach.

KEYWORDS: Human Resources Accounting Disclosure, Financial Performance, Profitability, Company Size, Age Recording, Type of Company, Use of GRI Reporting Standards.

PRELIMINARY

Tangible assets we can find on the balance sheet of a company that is shaped like money, buildings, and machines. While intangible assets can be exemplified such as the expertise of a human being, business processes, and market assets (customer loyalty, repeat business, reputation, and others). Reporting on human resource capital in a company's annual report is not included as an element in the balance sheet, this is because the elements that make up capital are difficult to quantify (Sawarjuno and Kadir, 2003).

The company's success depends on the ability of human resources to manage other resources (Basse & Tapang, 2012). This is because all strategic planning and technical implementation, such as planning, implementation, implementation, management and control, all start from the thinking and capabilities of human resources (Rao, 2013). In addition, the company's effectiveness and efficiency in the use of tangible assets depends on the quality of the company's human resources (Okpako, Atube & Olufawoye, 2014).

Nia Cristy's (2015) research also uses company characteristic variables, namely: company size, company profitability, company age and product diversification as independent variables for human resource accounting disclosures in manufacturing companies on the Indonesia Stock Exchange (IDX).

Wibisono (2016:12) explains that "Company size is a description of the size of a company. The larger the size of the company, the higher the demand for information disclosure compared to a smaller company size. Wibisono (2016: 12) said "The age of the company's listing is the time when the company is listing on the capital market or commonly known as an Initial Public Offering (IPO). Manufacturing companies and financial companies are the most common types of companies listed on the Indonesia Stock Exchange. The variable using the global reporting initiative (GRI) reporting standard was chosen because in the global reporting initiative (GRI) standard there are many indicators in the reporting standard, one of which is labor practices performance indicators. Financial performance is a description of the economic results that can be achieved by the company at a certain time through the company's activities. These operational activities are recorded and summarized into information that can be used as a medium to report the state and position of the company.

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Based on this description, this study aims to determine what determinants can affect the disclosure of human resource accounting in Indonesia.

LITERATURE REVIEW

Stakeholder Theory

This stakeholder theory underlies the practice of human resource accounting disclosure, because of the relationship between company management and stakeholders. This can be seen by the existence of mandatory disclosures and voluntary disclosures. In this case, management makes voluntary disclosures that are needed by stakeholders in the form of disclosure of human resource accounting.

Resource-Based Theory

According to Resources Based Theory (RBT), intellectual capital meets the criteria as a unique resource that is able to create a company's competitive advantage so that it can create value for the company. The value in question is the better performance within the company.

The Effect of Profitability on Human Resources Accounting Disclosures

The size of the profitability of a company is an indicator of the company's success in generating profits by utilizing its resources, such as equity and assets. The level of profitability in this study is based on the reason that there is a significant relationship between the level of profitability and the extent of forward-looking information disclosure in the annual reports of companies in the UAE conducted by Al-jifri and Hussaney (2007). In the description above, it can be concluded that the hypothesis in this study is.

H1: Profitability has a positive effect on ASDM disclosure

The Effect of Firm Size on Human Resource Accounting Disclosures

Disclosure of HR accounting needs to be done by large companies that have large funds and resources. Complete information is needed by the public from large companies. Studies related to financial disclosure reveal that there is a positive relationship between firm size and the amount of disclosure (Amran, 2009, and Taures 2011). In the description above, it can be concluded that the hypothesis in this study is

H2: Firm size has a positive effect on HR accounting disclosure

The Effect of Listing Age on Human Resource Accounting Disclosures

Voluntary disclosures tend to be made by companies when they plan to issue public debt or equity or acquire other companies in order to provide investors with explicit information and influence their perceptions (Healy & Palepu, 1993). In the description above, it can be concluded that the hypothesis in this study is

H3 : Age has a positive effect on ASDM disclosure

The Effect of Company Type on Human Resource Accounting Disclosures

In this study, industrial types are classified, namely high profile industry and low profile industry. Companies that are included in the high profile industry are companies that have a high level of involvement. In the description above, it can be concluded that the hypothesis in this study is

H4: Type of industry has a positive effect on HR accounting disclosure

Effects of Using Reporting Standards *Global Reporting Initiative*(GRI) on Human Resources Accounting Disclosures

It is hoped that if the company uses the Global Reporting Initiative (GRI) standard in its reporting, the disclosure of human resources will also be wider. Based on the description above, the following hypothesis can be formulated:

H5: The use of GRI reporting standards has a positive effect on HR accounting disclosure

The Influence of Human Resource Accounting Disclosures has a positive effect on financial performance

According to RBT, HR accounting has a relationship with financial performance. Theoretically, HR accounting can improve company performance through employee productivity and decision making in the area of HR management (Sharma, 2012).

H6: Disclosure of human resource accounting has a positive effect on financial performance

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RESEARCH METHODS

This study is a quantitative study used by researchers to prove the existence of factors that affect the level of disclosure of human resource accounting, namely profitability, company size, age of listing, type of company, and the use of reporting standards of the Global Reporting Initiative (GRI).

The data used is secondary data originating from the annual financial report published on the Indonesia Stock Exchange (IDX) through the website www.idx.co.id in the 2017-2018 period. The population that is the object of this research is manufacturing and financing companies listed on the Indonesia Stock Exchange in 2017-2018.

The sampling technique is using purposive sampling method. The data analysis method used is descriptive statistical analysis. Descriptive statistics provide an overview of the data seen from the average (mean), standard deviation, maximum and minimum values (Ghozali, 2011). Descriptive statistical analysis was used to provide an overview of the demographics of the respondents in the study and a description of the research variables.

The hypothesis proposed in this research is

- H1: Profitability has a positive effect on HR accounting disclosure
- H2: Firm size has a positive effect on HR accounting disclosure
- H3 : Age of listing has a positive effect on HR accounting disclosure
- H4: The type of company has a positive effect on HR accounting disclosure
- H5: The use of GRI reporting standards has a positive effect on mHR accounting disclosure
- H6: HR Accounting Disclosures have a positive effect on financial performance.

RESULTS AND DISCUSSION

The population in this study are companies with manufacturing and financial categories that have been listed on the Indonesia Stock Exchange during the 2017-2018 period. Manufacturing companies and financial companies were chosen because the two companies were most often used in previous studies and the two companies have different characteristics from each other so that they are interesting to be research objects. The research population consisted of 37 manufacturing companies and 76 financial companies, so the total research population was 113 companies. This study uses secondary data in the form of financial reports from the official website of the Indonesia Stock Exchange (IDX) through the website www.idx.co.id.

Table 1. Results of Multiple Linear Regression Analysis HR Accounting

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	34.760	7.817		4.447	.000
	PROFITTA	25.501	9.472	.184	2.692	.008
	UKURAN	-.330	.533	-.049	-.619	.536
	UMUR	.131	.115	.079	1.142	.255
	JENIS	1.371	2.223	.046	.616	.538
	GRI	-8.229	3.857	-.159	-2.133	.034

a. Dependent Variable: ASDM

Table 2. Results of Multiple Linear Regression Analysis Financial Performance

		Coefficients ^a				
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	1,633	1.564		1.044	,297
	ASDM	,000	,005	-,005	-,069	,945

a. Dependent Variable: Financial Performance

The Influence of Company Profitability on Human Resources Accounting Disclosures

The test results show that profitability has a significant effect on human resource accounting. The basic reason for obtaining a significant effect of the ROA profitability variable on HR accounting disclosures is because the disclosure of social activities by the company is a disclosure that reveals more about the company's transparency.

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The Effect of Firm Size on Human Resources Accounting Disclosures

The results of this study provide empirical support that large companies have more information than small companies, so that the items that must be disclosed in financial statements, including HR accounting disclosures, will be wider. Because large companies tend to have more shareholdings, a larger number of shareholders will require greater financial information.

The Effect of Listing Age on Human Resource Accounting Disclosures

The results of the research on the age of listing are that older companies do not tend to have wider human resource accounting disclosures or vice versa do not tend to disclose less. There is no significant effect of company age on human resource accounting disclosures because the company is relatively old.

The Effect of Company Type on Human Resources Accounting Disclosures

The results of the study provide empirical evidence that companies with high social risk will tend to provide greater social disclosure than companies. The basic reason for the higher profile of high profile companies in social disclosure is because the possibility of a greater impact of the existence of these companies on social changes that occur including environmental changes.

The Effect of Using GRI Reporting Standards on Human Resources Accounting Disclosures.

By reporting transparently and with accountability, organizations can increase the confidence of their stakeholders. The GRI standard itself contains several indicators including economic, environmental, and social categories. This can indirectly increase HR accounting disclosures.

Effect of Human Resources Accounting Disclosures on financial performance

The results of this study are in line with the research of Maunders (1981) in Dominguez (2011) who argues that HR accounting disclosures on financial performance can affect investors by reflecting management capabilities in industrial relations as well as social responsibility. Disclosure of information about employees can be seen as part of the company's social strategy.

CONCLUSIONS AND RECOMMENDATIONS

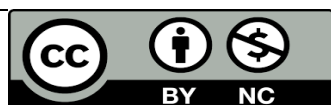
Researchers conducted research on the disclosure of human resource accounting in manufacturing and financial companies using multiple regression analysis, it was concluded that profitability had a significant effect on human resource accounting. this does not have a significant effect on the disclosure of human virtual resources accounting, the type of company variable obtained has a significant effect on the disclosure of HR accounting, the test results of companies using GRI reporting standards have a positive effect on HR accounting disclosures, and HR accounting disclosures have a significant effect on financial performance.

SUGGESTION

This study has limitations, such as not using the item total value of human resources in the disclosure index because in Indonesia there is no company that has disclosed the total value of its resources. Further researchers can develop the disclosure index model used in this study by adjusting other disclosure items according to the conditions in Indonesia.

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