FACTORS INFLUENCING HUMAN RESOURCE ACCOUNTING DISCLOSURE

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ABSTRACT

This research determined the factors influencing human resource accounting disclosures, including company size, profitability, leverage, and age. This research uses literature studies by reviewing relevant articles based on signal and agent theory. Research results from various literature studies show that company size and age do not significantly affect human resource accounting disclosures and that profitability and leverage significantly affect human resource accounting disclosures. The literature review shows that company size, profitability, leverage, and age influence human resource accounting disclosures. We know the importance of human resource accounting disclosures in company financial reports to show that the company can compete and survive the challenges of the times. Human resource accounting disclosures are identified as an essential factor in the company's progress and as information for interested parties.

Keywords: **Disclosure of Human Resources Accounting, Company Size, Profitability, Leverage, Company Age**

INTRODUCTION

Human resources have an important role in managing a company. However, all costs incurred for human resources are only considered operational costs (revenue expenditure, expense approach) not as capital expenditure. One of them is the value of human capital in financial reports which is rarely seen or found in balance sheets and profit and loss statements. So human resource accounting disclosure has become a new concept in Indonesia. The new reporting concept means there are no clear rules regarding regulators' obligations to disclose human resources accounting and requires standards to standardize and simplify the process of preparing annual reports. This condition creates challenges for accountants in the process of measuring and defining human resources as well as communicating to interested parties regarding human resource accounting disclosures in annual reports (Mamun, 2009).

Disclosure of human resource accounting information is necessary to provide accurate company financial reports as a reference for decision making (Brummet et al., 1968). Human resources can be considered as intellectual property owned by a company which is an intangible asset. PSAK Article 19 regulates intangible assets which are referred to as non-monetary assets which can be identified as having no physical form. Intangible assets can be recognized if the entity obtains economic benefits in the future and the acquisition cost can be measured accurately (Indonesian Institute of Accountants, 2009). The above statement is difficult to fulfill because human resources cannot be reported in financial reports and makes it difficult for investors to analyze and assess future prospects.

The phenomenon of human resource accounting disclosure also often arises due to errors in accounting principles in providing relevant information to management and investors where human resource costs are considered an expense that is influenced by several factors, both internal and external. This is a case that often occurs in the fintech sector, such as PT GOTO Gojek Tokopedia Tbk. In November 2022, there were 1,300 employees who were laid off or around 12% of the total number of employees until 31 December 2022, the number of GOTO employees reached 9,287 people until 10 March 2023 and 600 people were laid off. This step is considered as part of an effective strategy update for business continuity in significantly reducing advertising and marketing costs. Based on the September 2023 financial report, promotional items fell 53.4% year-on-year to IDR 1.5 trillion. Some costs that can be reduced include general and administrative costs which fell 57% to IDR 4.61 trillion compared to the previous period of IDR 8.63 trillion. Other expenses, especially sales and marketing expenses, fell 47% to IDR 4.82 trillion compared to the previous IDR 11.27 trillion, reducing expenses resulting in GOTO's net loss in the third quarter of 2023 amounting to 53% to IDR 9.5 trillion compared to the same period last year then amounted to IDR 20.32 trillion.

PT GOTO pursues profit targets without laying off workers and choosing efficiency. PT GOTO Senior Director Patrick Sugito Walujo said that the company would not lay off any more employees either temporarily or permanently and would take efficiency steps by reducing technology costs because the biggest perceived costs actually came from technology, not from human resources because most of the expenses came from costs. technology, especially the cloud. Needs other than human resources are quite numerous and it can be seen that there is still a lot of efficiency that can be achieved in more drastic ways without sacrificing the quality of customer service (www.ekbis.harianjogja.com).

Human resource accounting disclosures can also be influenced by company size, company size is referred to as a value that represents the size of the company. Larger companies will disclose more information as they receive greater demand from the public and investors for more complete disclosure. Referring to research conducted by Sari (2020), Andini (2020), found that company age results influence human resource accounting disclosures. Meanwhile, Waloya (2020), Rahman (2021), show that company size has no effect on accounting disclosure.

Profitability is also considered as an influence on human resource accounting disclosures because it functions to assess the company's ability to seek profits or profit (Diansari and Rispin, 2019). Referring to research conducted by Sari (2020), Andini (2020), Shanti (2023) shows that profitability results influence human resource accounting disclosures.

Leverage is also considered as the influence of accounting information on human resources. Leverage is a comparison of the costs used to purchase or finance a business between sources of capital obtained from outside the business, such as credit, or with capital provided by the business owner. The leverage ratio is needed to help management and investors understand the extent of the company's capital structure in question. Referring to research conducted by Sari (2020), leverage has no effect on accounting disclosure. Meanwhile, research conducted by Rahman (2021) shows that leverage results influence human resource accounting disclosures

As the company ages, companies that tend to be older will gain greater trust from managers or shareholders because agents have more experience in managing companies. Referring to research conducted by Waloya (2020), Sari (2020), shows that company age results have no effect on human resource accounting disclosures.

This research analyzes the relationship between company size, leverage, profitability, and company age on human resource disclosure with the aim of uncovering several factors that may underlie companies' disclosure of human resources. This goal is related to the reason manufacturing companies are often associated with machines and a little touch of human resources. In fact, operating machine problems and other company problems also require expertise from human resources within them, so this research is expected to change the perception that company success does not always come from the wealth of tangible assets but also from human resources in the company itself.

METHOD

The research method used in this article is to examine articles about the factors that influence human resource accounting disclosures, the relationship between company size, profitability, leverage and company age which then determines the gaps and limitations of the research. The results can be used as a basis for developing a human resource accounting disclosure model framework and relevant empirical research results.

RESULTS AND DISCUSSION

Signal theory

Signaling theory is a theory put forward by Ross (1977), in this theory it is proposed that company executives will have better information and will tend to provide this information to potential investors. Signal theory is an interpretation of a business activity that provides signals to external parties in the form of financial information contained in financial reports. This signal in the form of information contains the results of management's performance in carrying out company activities. This signal can be in the form of the company providing information regarding profits generated with significant increases or decreases.

The relationship between signal theory in this research lies in the size of the company variable, namely a large company indicates that the company is developing so that it provides a good signal to external parties such as investors. Larger companies will disclose more information as they receive greater demand from the public and investors for more complete disclosure.

The profitability variable is when a company relies heavily on its financial report information to send a signal to the market with high profitability indicating that the company's prospects show good results so that investors will react positively to the signal and the company's value will increase. If profitability is high, it will be attractive to investors.

The relationship with the human resource accounting disclosure variable is that when a company gets good feedback from the market, the company will give a signal with wider information disclosure, including publishing information about human resource accounting in the company, which will later provide more detailed information for the company. outside parties who need this information, so it will be attractive for investors to assume that their funds are managed by competent resources in the company.

Agent Theory

Agent theory is a relationship between two parties, namely the principal and the agent. According to Jensen and Meckling (1976), defining an agency relationship is a contractual relationship between one or more (principals) and others (agents). Where the agent provides several services on behalf of the principal, in this case the principal provides facilities and funds to run the company. Meanwhile, management as an agent also has an obligation to manage what has been entrusted to shareholders and is morally responsible for optimizing the principal's profits by obtaining compensation according to existing agreements.

The relationship between agency theory in this research lies in the leverage variable, namely when the level of leverage is higher, the originator or borrower will monitor the performance of the company being lent to, then this monitoring capital can be called control costs. If the capital structure has a high level of debt, agency costs will be higher. , So that the higher the debt level will encourage companies to increase the disclosure of human resource information.

Company age variable, companies that tend to be older will gain greater trust from managers or shareholders because agents have more experience in managing companies. Therefore, the more human resource information disclosed, the greater the principal's trust in funds managed by established companies compared to young companies.

Human Resources Accounting Disclosures

Human resource accounting is the process of identifying and measuring data about human resources and communicating this information to interested parties (Mamun, 2009). In 1973 the Accounting Association Committee in Human Resource Accounting defined Human Resource Accounting Disclosure as the process of identifying measurement data about human resources to communicate this information to interested parties by providing information about human resource costs and values that serve to facilitate decision making. thus motivating decision makers to adopt a human resources perspective (Sackmann et al., 1989).

The function of Human Resource Accounting Disclosure expressed by Belkoui1 et, al, (1985), as a framework to assist decision making in human resources and provide quantitative information about the cost and value of human resources as an organizational element to motivate managers to adopt resource information humans in decision making related to human resources. Based on this opinion, it can be concluded that Human Resource Accounting Disclosure can be interpreted as a process of measuring and reporting the costs and value of humans as organizational resources and reporting the results to interested parties.

Meanwhile, the objectives of human resource accounting, according to Mc Rae (1974:66), are as follows:

1. Quantitative information provides information on human resources in an organization that management and investors can use in decision making.
2. Assessment method, provides an assessment method for human resource

benefits.

3. Theories and models, provide a theory of relevant variables to explain the value of humans to organizations in identifying relevant variables and developing ideal models in human resource management.

Company Size

According to Machfoedz (1994), company size is the size, scale, or variable that describes the size of the company based on total assets, log size, market value, shares, total capital and other factors. Business grouping based on business scale is often divided into three categories, namely large businesses, medium businesses and small businesses. Company size is a scale that can be calculated using the level of total assets and sales which can indicate a business situation where a larger company will have an advantage in terms of capital obtained to finance investments and generate profits. Company size can be used to express the financial characteristics of a stable company that will find it easier to obtain capital in the capital markets than a small company because this ease of access allows large companies to benefit from greater flexibility. So, the more capital invested, the more sales, the more money in circulation and the greater the market capitalization, the more well-known the company is in society.

Profitability

Profitability is a company's ability to generate profits at a certain level of sales, assets and share capital (Ashari and Putra, 2015). Profitability is one measure of a company's performance. Ulum and Novianty (2012), stated that profitability has an influence on human resource accounting disclosures, namely the company's ability to increase or obtain profits during a certain period. High profitability will reflect good company prospects, the better the company's prospects, the greater the company value. Companies with a high level of profitability will present more information. This ratio shows how well a company uses its assets to generate profits and value for shareholders. Where a higher ratio or value is usually sought by most companies because the business is running well by generating revenue, profits and cash flow. This ratio is most useful when conducting an analysis of similar companies in previous periods.

Profitability is useful for investors, creditors or banks to assess the return on investment that investors will obtain and the amount of company profits to assess its ability to pay debts to creditors based on the level of use of assets and other resources. Therefore, companies look at efficiency which is expressed in profits generated from sales and company investments seen through the elements of financial reports. The higher the value of this ratio, the better the company is in terms of high profit margins, this value reflects the high level of profitability and efficiency of the company as evidenced by revenue and cash flow. This profitability ratio will provide important information for comparison with previous period ratios and competitors' ratios. Its function is also to see the final results of all financial policies and operational decisions taken by company management, where the petty cash recording system will also have an influence.

Leverage

*Leverage*Used as a guideline for financing assets from loans to evaluate a company's ability to pay its debts. High leverage indicates larger loans indicating that there is an unhealthy financial company that is at risk of bankruptcy. This ratio measures the company's ability to fulfill its obligations or pay its debts in the short and long term, seen from how much debt the company or business has when referring to the definition put forward by Fabozzi &; Drake (2009), Leverage is a type of financial ratio that helps evaluate the level of financial risk borne by a company. This can also refer to how a company uses debt for operational needs or the amount of assets financed with debt. For this reason, it is concluded that Leverage functions as a measure or evaluation of a company's ability to pay or pay off its debts, there are several other functions as well, namely:

1. describes the capital structure to finance the operations of a company.
2. Explain the capital structure that comes from short-term and long-term debt or loans, along with interest and penalties.
3. Documents that analyze and evaluate a company's ability to pay debts.
4. How much is the loan debt?
5. Measuring the impact of debt on company asset management.
6. Measure the number of shares or equity that can later be used as collateral for long-term debt.
7. Measuring tools to analyze and evaluate the balance between assets, including fixed assets and capital.

Company Age

Company age is the ability of an organization to survive in the business world. Companies that exist in the business world can be seen from how many years the company has faced business competition from the company's inception until now. According to Sudaryono (2007: 110), the age of a company can be seen from how long the company has been listed on the Indonesia Stock Exchange. If the company is old, the company has been able to overcome difficulties, be able to compete, take opportunities, develop its business and be able to see threats to the company's resilience, and can compete to defend themselves in order to increase investor confidence by providing positive information to investors.

RELEVANT EMPIRICAL RESEARCH RESULTS

Waloya (2020), conducted research entitled "The Effect of Company Size and Company Age on Human Resource Disclosure (Empirical Study of Companies registered in LQ-45 of 2017)". By showing the results, company size and age have no effect on human resource disclosure.

Sari (2020), conducted research entitled "Human Resource Accounting Disclosure of Manufacturing Companies in Indonesia listed on the Indonesia Stock Exchange (IDX) for the period 2016-2018 which is influenced by Company Size, Profitability, Leverage and Company Age". By showing the results, company size and profitability influence Human Resources Accounting Disclosures, while company leverage and age do not influence Human Resources Accounting Disclosures.

Andini (2020), conducted research entitled "The Effect of Foreign Board of Commissioners, Profitability, Frim Size, and Market to Book Value of Human Resource Accounting Disclosure". By showing that the results of foreign commissioners, profitability and company size influence human resource accounting disclosures. Meanwhile, market to book value has no effect on human resource accounting disclosures.

Anggraini (2021), conducted research entitled "The Effect of Profitability, Company Size, Company Age and Board of Commissioners Size on Human Resource Accounting Disclosure". The results show that the size of the board of commissioners influences human resource accounting disclosures. Meanwhile, company age does not affect human resource accounting disclosures.

Rahman (2021), conducted research entitled "The Effect of Company Size, Profitability, Company Age, and Leverage on Human Resource Accounting Disclosure in conventional banking companies listed on the Indonesia Stock Exchange for the 2017-2019 period". By showing the results of profitability and leverage influencing human resource accounting disclosures. Meanwhile, company size and company age do not influence human resource accounting disclosures.

Shanti (2023), conducted this research with the title "Product Diversification, Leverage, Profitability, and Company Size towards Human Resource Accounting

Disclosure". By showing the results of product diversification, profitability influences human resource disclosure. Leverage and company size have no effect on human resource disclosure.

CONCLUSION

This study aims to examine the relationship between factors that influence human resource accounting disclosure, company size, profitability, leverage, company age. The research results show:

a. research conducted by Sari (2020), Andini (2020), found that company age results influence human resource accounting disclosures. Meanwhile, Waloya (2020), Rahman (2021), show that company size has no effect on accounting disclosure.
b. Research conducted by Sari (2020), Andini (2020), Shanti (2023) shows that profitability results influence human resource accounting disclosures.
c. research conducted by Sari (2020) shows that leverage has no effect on accounting disclosure. Meanwhile, research conducted by Rahman (2021) shows that leverage results influence human resource accounting disclosures
d. research conducted by Waloya (2020), Sari (2020), shows that company age results have no effect on human resource accounting disclosures.

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