COMPANY CHARACTERISTICS AND OWNERSHIP STRUCTURE IN HUMAN RESOURCE ACCOUNTING

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ABSTRACT

This research examines the influence of profitability, product diversification, and ownership structure on the accounting disclosure of human resources in food and beverage companies listed on the Indonesia Stock Exchange from 2019-2022. The study utilizes a literature review approach, examining various relevant human resource accounting disclosure articles. The research findings from various literature reviews indicate that human resource accounting is influenced by product diversification and ownership structure within companies.

Keywords: **Characteristics, Ownership Structures, Accounting Disclosures**

INTRODUCTION

A company is a place where production activities take place, and all factors of production for goods and services come together. Among various sectors of companies listed on the Indonesia Stock Exchange (BEI), manufacturing companies are expected to have a bright outlook in the future. This includes companies operating in the industrial sector. The industrial sector is anticipated to be a driving force for the national economy, positioning manufacturing as a leading sector. This can be understood considering Indonesia's diverse natural resources, which possess a comparative advantage in the form of primary products that need to be processed into industrial products to achieve higher added value.

In accordance with the stages of our country's development, it is time for us to shift the main focus of our economic sector from primary industries to secondary industries, particularly non-oil and gas manufacturing industries, such as consumer goods manufacturing. Building the industrial sector in the era of globalization undoubtedly requires the right and consistent strategies from companies, aiming to establish a robust and competitive industry both in the domestic and global markets. This, in turn, can stimulate economic growth, create job opportunities, increase people's income, and ultimately alleviate poverty. The consumer goods industry is one of the crucial sectors, as all consumer products are consistently in demand by the public. Moreover, considering Indonesia's large population, the country holds significant market potential. Therefore, a company should carefully consider essential components within its operations.

Human Resources is the most crucial aspect of a company, as human resources are the driving force behind all activities carried out by the organization. A company cannot maximize its productivity and profits without competent human resources aligned with the established goals of the company. It is widely acknowledged that humans propel all company activities, ranging from cash estimates to various types of assets within the company, all of which are controlled by individuals.

Skilled and adequately capable labor is a significant human resource for a company. Companies are willing to invest funds in developing their workforce, whether through recruitment, job placement, training, or education, to obtain human resources with specific qualifications. An essential component to consider is the company's performance, which can be observed through its characteristics. In large-scale manufacturing companies, human resource accounting is a critical factor in achieving the company's goals, such as generating maximum profits in the long term. High-quality human resources play a vital role in carrying out the operational activities of the company, optimizing other resources within the company, and implementing business strategies effectively (Warno, 2011).

Human resource accounting is necessary to provide accurate financial reports for a company, serving as a reference for decision-making (Cristy, 2015). The financial reporting of human resource accounting can play a crucial role in facilitating the appropriate utilization of a company's human resources (Widodo & Maulud, 2014). Furthermore, the development of human resource accounting is also influenced by company characteristics, including profitability, product diversification, and capital structure (ownership). These factors, which include ownership concentration, are considered as well as the intervening variable observed in this study: company size, assessed based on the total assets owned by the company.

Company characteristics represent a wide variation in financial reporting disclosure, and these characteristics are predictors of the quality of disclosure (Purba, 2019). The operational characteristics of a company that generate a high social impact will demand a higher level of human resource accounting disclosure. In this context, the company characteristics considered are product diversification and profitability.

Product Diversification refers to the number of product variations and trademarks owned by a company, measured by the total number of products the company possesses.

This often leads to the company having multiple business segments that need to be reported. Similarly, the increase in the number of employees and workers involved in the production process of the company's diverse products necessitates a more detailed disclosure of human resources. Therefore, companies should enhance their disclosure related to human resources to provide a more comprehensive account of the various workforce aspects tied to product diversification.

According to PSAK No. 5 (Revision 2009) regarding segment reporting, a business segment (product diversification) is a distinguishable component of a company that produces different products or services (Ikatan Akuntan Indonesia, 2009). Diversification strategies typically prompt additional disclosure of information in annual reports. This is because diversified information is crucial in gaining stakeholder support for the company's diversification plans (Amran et al., 2009). New products are essential for a company's survival, prompting the need for product diversification. New products play a significant role in growth and often contribute substantially to the overall profits of the business. Cravens (1996), as cited in Faizin et al. (2019), states that the success of diversification is closely linked to the attractiveness of the industry (market), favorable market entry costs, and opportunities to enhance competitive advantage.

Similarly, profitability, which is an indicator of a company's success in generating profit by leveraging its resources, is crucial (Widodo, 2014). Previous research conducted by Widodo (2014), Christy (2015), Ulfa (2016), Purnomo & Hariyati (2019) shows that profitability does not influence the disclosure of human resource accounting. According to Husnan (2001), profitability is the ability of a company to generate profit at a certain level of sales, assets, and equity. When a company achieves or generates high profits, the level of return obtained by investors increases (Andini, 2020). Therefore, a company with high profitability will attract stakeholders, particularly investors who will invest their capital in the company (Anggraini, 2018). Based on the above explanation, stakeholder theory supports a positive relationship between profitability and the disclosure of human resource accounting. Anggraini's (2018) study concludes that the influence of profitability on the disclosure of human resource accounting shows a significant positive effect. In contrast, Waloya's study (2019) concluded that profitability does not have an impact on the disclosure of human resources.

The capital structure, which represents the total ownership of company shares, is measured in this study using share ownership concentration. The more concentrated the ownership of shares by shareholders, the more information is needed in making investment decisions. Similarly, companies are required to disclose more information related to operational activities, including the disclosure of human resources. Therefore, companies need to enhance the disclosure of human resources to meet the demands associated with both concentrated share ownership and investment decision-making.

Based on the description provided, this research can serve as a reference, literature, and theoretical foundation for similar studies and contribute to the factors influencing the disclosure of human resource accounting. The findings of this research can contribute to the development of theories regarding characteristics and ownership structure affecting firm size. Additionally, it can be used as a reference source in developing accounting courses, especially those related to Human Resource Accounting disclosure.

METHOD

The research method used in this article involves a literature review, where the study is conducted by examining articles that discuss the factors influencing the disclosure of human resource accounting. The results of this examination can then serve as a foundation for developing theories related to characteristics and ownership structure affecting human resource accounting practices.

RESULTS AND DISCUSSION

A. Concept of "Human Resource Accounting"

The Committee on Human Resources Accounting and AAA (Belkaoui, 1995) define Human Resource Accounting as a process of identifying and measuring data about human resources and communicating this information to stakeholders. Belkaoui (1995) defines Human Resource Accounting as a process of identifying, measuring data about human resources, and communicating this information to interested parties.

Davidson and Weil, as cited in Arfan Ikhsan (2008), provide basic assumptions for human resource accounting, which are:

1. Human beings are valuable organizational resources. Humans provide services in the present and future, which are not possessed by machines and materials. The invested resources can be accounted for without ownership.
2. Influence of management salaries. The value of human resources can be influenced by how they are managed. Certain attitudes or styles of management can enhance employee motivation and productivity, while other management styles may decrease motivation and, consequently, reduce productivity.
3. Need for human resource information. Information about the costs of human resources and their values is necessary for effective and efficient human management in various aspects. This includes the human resource management

process, encompassing planning and control in the acquisition, development, allocation, composition, conservation, and utilization of human resources.

B. Company Characteristics

The characteristics of a company are distinctive features or inherent qualities within a business entity that can be observed from various aspects, including the type of business or industry, ownership structure, liquidity level, profitability level, and company size (Safitri, 2008). Factors influencing company characteristics include product diversification and profitability.

Firstly, the characteristics of a company that can influence the extent of accounting disclosure of human resources are product diversification. The definition of product diversification according to PSAK No. 5 of 2000 regarding Segment Reporting is a component of a company that can be distinguished in producing products or services, and that component has different risks and rewards compared to the risks and rewards of other segments. The diversification strategy undertaken by a company generally encourages the disclosure of additional information in annual reports. This is because diversified information is crucial to gaining support from stakeholders regarding the company's diversification plans (Amran, Manaf Rosli Bin, & Che Haat Mohd Hassan, 2009). This is possible due to the company's responsibility to society for the services and products provided, prompting the company to make disclosures.

In the context of the relationship between product diversification and accounting disclosure of human resources, researchers refer to a study conducted by Widodo and Maulud in 2014. The study indicates that, partially, product diversification has a positive impact on the accounting disclosure of human resources. If the level of product diversification increases, the disclosure of human resources accounting also tends to increase.

Secondly, previous research on the variable of profitability influencing the disclosure of Human Resource Accounting conducted by Alfian, Febrina, and Dian (2019) yielded results indicating that profitability significantly affects the disclosure of human resource accounting. The relationship between profitability and resource disclosure is also discussed in a study by Kurniawan (2017), who found that profitability influences the accounting disclosure of human resources in 22 manufacturing companies in the consumer goods industry listed on the Indonesia Stock Exchange for the period 2012-2015. Amalia (2015), in her study titled "The Influence of Company Characteristics on the Disclosure of Human Resource Accounting," found that profitability has a positive effect on the disclosure of human resource accounting in non-financial companies listed on the Indonesia Stock Exchange for the period 2011-2013.

In Cristy's research in 2015, it was found that the contribution of the independent variables, including profitability, to the dependent variable, which is Human Resource Accounting, is 14.9%. Logically, a company with better profitability is inclined to disclose its operations to maintain its image.

C. Structure Ownership

According to Sudana (2011), ownership structure is the separation between the owners of the company and the managers of the company. The owners of the company are the parties who invest their capital in the company, while managers are the parties authorized to manage and make decisions within the company. Ownership structure explains the proportion of share ownership in a company and how the actions of these shareholders are carried out (Petta & Tarigan, 2017). The ownership structure ultimately chosen in this research includes managerial ownership and institutional ownership.

D. Relevant Empirical Research Results

Cristy (2015), The Influence of Company Characteristics on Human Resource Accounting Disclosure in manufacturing companies listed on the Indonesia Stock Exchange in 2011-2013. The data analysis method used in this research is multiple linear regression with the assistance of SPSS software version 17.0. The results of this study indicate that the age of the company and product diversification influence HRAD with a significance level of 5% (b3=0.024, b4=0.000). Meanwhile, the company size and profitability do not affect HRAD at a 5% significance level (b1=0.425, b2=0.501). The R-square value is equal to 0.149, meaning that 14.9% of the independent variables in this study can affect the dependent variable. The remaining 85.1% is explained by other variables not included in this study.

Maria Ulfa (2016), The Influence of Company Characteristics on Human Resource Accounting (an empirical study on companies in the financial, IT, and pharmaceutical sectors listed on the Indonesia Stock Exchange in 2013 and 2014). The research sample was determined using purposive sampling method, resulting in approximately 45 companies as the sample. The analysis method employed was multiple regression analysis. The hypothesis testing results indicate that only company size and the size of the board of commissioners have a significantly positive influence on human resource accounting disclosure. Meanwhile, profitability and ownership concentration variables do not have a significant impact on companies' human resource accounting disclosure.

Widiartini et al. (2020), The Influence of Product Diversification, Company Size, Company Age, and Managerial Ownership Structure on Human Resource Accounting Disclosure. This study is a quantitative research using secondary data obtained from the annual reports of companies. The research population includes all mining sector companies listed on the Indonesia Stock Exchange (BEI) during the period 2015-2018. The sampling technique used in this study is purposive sampling, and 9 companies that meet the criteria of purposive sampling were selected as the sample. The data analysis technique employed is multiple linear regression analysis using SPSS software version 24. The research results indicate that, partially, product diversification, company size, and company age have a positive influence on human resource accounting disclosure, while managerial ownership structure has a negative impact on human resource accounting disclosure.

Al-Fajar et al. (2023), The Influence of Company Characteristics and Ownership Structure on Human Resource Accounting Disclosure with Company Size as an Intervening Variable in Food and Beverage Companies listed on the Indonesia Stock Exchange for the period 2017-2020. This research utilized 84 observations with multiple linear regression estimation. The research findings indicate that the variables of profitability and ownership structure do not have a significant impact on human resource accounting disclosure. However, product diversification does have a significant influence on human resource accounting disclosure. Additionally, it was found that the company size variable mediates the relationship between profitability and human resource accounting disclosure, company size mediates the relationship between product diversification and human resource accounting disclosure, and company size mediates the relationship between ownership structure and human resource accounting disclosure.

Santioso et al. (2017), The Influence of Company Size, Profitability, and Company Age on Human Resource Accounting Disclosure. This study utilized a sample of 283 companies selected through purposive sampling. The data used were secondary data in the form of audited financial reports and annual reports. The statistical method employed to test the research hypotheses was a multiple linear regression model. The research results indicate that company size has a significant influence on human resource accounting disclosure. However, profitability and company age do not have a significant impact on human resource accounting disclosure.

Anggraini et al. (2021), The Influence of Profitability, Company Size, Company Age, and Board Size on Human Resource Accounting Disclosure. This research adopts a quantitative approach. The findings of this study indicate that the profitability variable has a positive effect but is not significant in influencing human resource accounting disclosure. The company size variable and the board size variable have a positive and significant effect on human resource accounting disclosure. However, the company age variable has a negative and non-significant effect on human resource accounting disclosure.

CONCLUSION

This study aims to examine the influence of company characteristics and ownership structure on human resource accounting. The research findings are as follows:

1. Profitability: Profitability has a negative impact on human resource accounting disclosure, as indicated by the results of studies by Cristy (2015), Maria Ulfa (2016), Santioso et al. (2017), Anggraini et al. (2021), and Al-Fajar et al. (2023).
2. Product Diversification: Product diversification has a positive impact on human resource accounting disclosure, as shown by the results of studies conducted by Cristy (2015), Al-Fajar et al. (2017), and Widiartini et al. (2020).
3. Ownership Structure: Ownership structure has a negative impact on human resource accounting disclosure, as demonstrated by the findings of studies by Maria Ulfa (2016), Widiartini et al. (2020), and Al-Fajar et al. (2023).

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