

# **POTRET ACCOUNTING HUMAN RESOURCES IN HOME INDUSTRY: AN INTERPRETIVE STUDY (CASE STUDY ON HOME INDUSTRY UD. AGUNG)**

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## **ABSTRACT**

In the context of this study, researchers want to find the answer to his curiosity about the meaning of human resource accounting at home industry (UD. Agung). In this research problem, quantitative measurement and statistical data analysis can not be used in the search for answers, so this research uses qualitative approach. Based on the explanation of the philosophical assumptions underlying the research methodology, philosophically this research is placed in a position as research with interpretive paradigm. This research is not intended to give generalizations on the meaning of human resource accounting in other home industries. The results of this study stated that craftsmen UD Agung, receives wages based on existing orders. Wages received are not immediately taken after the results of woven fabrics made craftsmen. The weaving craftsman receives wages after they have been assumed to be sufficient, just taken his money to the owner of the capital (staff). For UD. Agung accounting records. Great is not done very simple, just record the money in / out, goods enter / exit, and pay the wage of craftsmen. From the simple record, found the meaning of human resource accounting, where the rest of the calculation of all to pay the wage of craftsmen, the remaining staff of funds that are submitted to the owners of capital. This shows that the salary for the owner of capital is taken from the rest of the sale and manufacture of woven fabric.

**Keywords:** Accounting recording, human resource accounting, home industry

## **INTRODUCTION**

In Indonesia, the actual obligation for the implementation of good accounting records for SMEs has been regulated in the Regulation of Small Business Law no. 9 of 1995 and the Tax Law (Hanum, 2013). In addition to the practice of accounting mentioned above, it is important considering the relevance of the concept of Human Resource Accounting to be understood meaning in this research, which is the basis of researcher obsolescence, until now there is no practical theory Human Resources Accreditation recognized general accounting standards.

The difficulty of measuring the value of human resources objectively is one of the reasons for the unavailability of accounting standards governing the accounting treatment of human resources, although research on alternative human resource measurement has been done by academicians, but there seems to be no agreement on objective measurement criteria of human resources (Rahayu, 2013).

The role of SMEs is very important and dominant compared with large-scale companies in the Indonesian economy encourages Researchers to understand more deeply about SMEs, especially related to accounting practices and the meaning of human resource accounting. A deeper understanding of the meaning of human resource accounting practices in SMEs is certainly a very interesting loophole to examine considering that SMEs are only a small-scale enterprise with limited resources, unlike large-scale companies with sufficient support resources.

Coventive accounting treats the cost of human resources incurred by the company as a cost or expense in the period it is issued. Human resources should be part of the assets, because human resources are obtained with considerable sacrifices, have long-term benefits and can contribute (direct contribution) to the value or performance of the company. There are two ways that can be used to measure the value of human resources, ie cost based that can be done by calculating the historical cost that has been spent or calculate the replacement cost of human resources, on the one hand the measurement of human resource value is also possible based on value (value based). Both methods have their respective weaknesses, so that the measurement of human resource value can not be applied to our accounting system (Hariyanto, 2013).

Given the importance of human resources in achieving company goals, which means that human resources are the main assets of the company. It is necessary to record the human resources as assets that must be included in the balance sheet, as a real step for human resource accounting can actually be applied. For example, employees must act as corporate subjects, so employees can seriously position themselves as a much-needed corporate asset (having a bargaining value in the company); on the one hand the company must really humanize the employees, employees should not be regarded as the object of the dairy cattle company. In addition, the Indonesian Institute of Accountants, need to hold a meeting that discusses human resource accounting, because the skills, skills and knowledge possessed by humans as resources in the company should be recorded as an asset, at least intangible assets. (Hariyanto, 2013)

Based on the above explanation, the researcher gives a limitation on the direction of accounting practice that is oriented in fulfilling the internal needs of SMEs, more specifically the accounting of human resources. Mbogo (2011) proves that the ability of the owner / manager in accounting affects the decision-making process for SME success and growth. As if strengthening Mbogo's findings (2011), Ahmad (2012) found that respondents agreed that accounting practices have specific roles in helping SMEs to plan, control, evaluate performance, optimize resource use, assist decision-making, and improve communication. Furthermore, accounting performs its duty to assist SMEs in solving all challenges and problems encountered. Accounting roles continue to grow for companies, accounting will provide what managers need and want. Ahmad (2012) through his research found that accounting plays an important role in the management of SMEs in Malaysia to plan, control, evaluate performance, optimize the use of resources, assist in decision making, and improve communication.

Besides, it should be understood that human resources who become labor at UD. Agung is a craftsman who has long worked in the home industry, and given his wages based

on the complexity of the weaving motif, which is the main attraction in the weaving home industry, the need for more in-depth research and analyzed carefully.

Based on the background of the problem, then this writing is an attempt to contribute to the thought of the Meaning of Accounting Human Resources At Home Industry.

There are several reasons researchers interested in researching this topic are as follows: First, many people still doubt the concept of human resource accounting and even oppose the grouping of human resource accounting as an asset. This is evident from the practice of financial reporting so far that ignores the very important information that is information about human assets (human assets) and the conventional accounting treatment of expenditures for human resources is always considered a burden. Secondly, the researcher sees the growing phenomenon of SMEs existence is still followed by the weakness of accounting practice because SMEs only have limited resources, unlike big companies that have adequate resources so that accounting practice in a better position. However, in the midst of weak accounting practices in SMEs, but UD. Agung who is able to show the success of his business. The gap between the weakness of accounting practices and the success of SMEs is an interesting gap for researchers to know the involvement of accounting practices for business sustainability at UD. Agung with more specifically in human resource accounting.

In general, gedokan craftsmen (Weaving Tools Not Machine) work from generation to generation not based on training conducted by the local government. Their expertise is calculated only on the basis of the intricacy of the weaving motif. To understand the meaning of capital owner experience. UD Agung (started weaving since 1997) or weaving craftsmen in home industry in Masalili Village can still move up to now by providing income to their family. Based on the assessment of human resources at home industry (case study in UD Agung) which is not in accordance with the concept of Human Resource Accounting, the authors formulate the existing problems are: How Accounting Practices and Meaning of Human Resource Accounting at Home Industry in UD. Agung?

## **RESEARCH METHOD**

In this research problem, quantitative measurement and statistical data analysis can not be used in the search for answers, so this research uses qualitative approach. The choice of this approach is also based on the philosophical position of the research, ie ontology, epistemology, axiology, and methodology (Creswell, 2015, and Denzin & Lincoln, 2011).

Ontology deals with basic questions about the nature, traits and nature of reality, where reality is diverse when viewed through multiple points of view (Creswell, 2015 Denzin & Lincoln, 2011). Based on the above explanation, the researcher considers that the meaning of human resource accounting in a home industry (UD Agung) is a social reality in which there is regularity that is formed naturally along with the travel SME concerned. This study aims to discover the truth behind order, not create or create its own boundaries based on existing theories or rules. Therefore, the phenomenon of the practice and the role of accounting in SMEs is not enough just to record the things that seem alone, but to look at it as a whole.

The epistemological assumption is a subjective fact composed based on the views of the participants (Cresswell, 2015). This study assumes that the meaning of human resource accounting at home industry (UD.Great) is not an accounting system that can be researched

through statistical measures to see its effect on other realities, but rather a system that processes and also involves processed resources. This research is not intended to know the influence of one reality to another reality, but want to know the meaning of human resource accounting applied to home industry (UD Agung), and accounting role in supporting business success. Based on this belief, the answer to the researcher's curiosity can not be known by using a quantitative approach, but can only be achieved by using a qualitative approach, because researchers need a deeper approach.

The axiological assumption recognizes that research is value-driven and there is bias (Creswell, 2015). Researchers view the concepts obtained in the research process is useful to build a life for home industry based on the basic values of the home industry concerned. The values unearthed by the researcher through interaction with the participants result in local and specific theories that present the research home industry. This research is not intended to give generalizations on the meaning of human resource accounting in other home industries.

Based on the explanation of the philosophical assumptions underlying the research methodology, philosophically this research is placed in a position as research with interpretive paradigm. Determination of the position of this study based on the suitability of questions and research objectives with the assumption of ontology, epistemology, and axiology that researchers believe.

## RESULTS

Before the establishment of an institution in the form of legal entity, Mrs. Wa Ode Neati (Ibu Ati) has started this business since 1997. Started as a woven fabric craftsmen with initial capital of Rp. 20.000, -, until finally have members as many as 30 people craftsmen. After following a lot of demand trends, not only the form of woven sarongs, but also meet the demand for custom clothing muna area by providing a variety of accessories and wallets, bags, tissue boxes and other forms of woven products.

As for the mother's statement which emphasizes the existence of structural phenomena: "In my place only process from craftsmen to containers. If a craftsman asks for money for his child's school needs, or other needs for home renovation. For example, the artisans need Rp.1.000.000 for their children's school needs or home renovation, I love. But the important thing is he is a craftsman, .... If the cooperative, there must be a deposit must have interest, but if through me if the craftsmen need money 1 million or 2 million, given only without interest. What matters after he grabs the money he weaves. "

The above statement means that the presence of UD. Agung is very important for the weaving craftsmen. In a state of urgency due to the financial condition of the artisans, Ibu Ati provides a real working solution that by weaving can help the needs of the craftsman's family. Besides the reason the mother ati did not choose the form of cooperatives is not burdening the artisans by borrowing money for the needs of the family of craftsmen without any interest on the loan.

The meaning embodied in the practice of accounting recording in the home industry: "The entry money is recorded in the income book, if the money out is recorded on the expense. Income recorded first for 1 month, how much income, what the thread needs to buy, if there is the rest sy that hold first. If still the remaining 2 - 3 million hold I was not yet entered dibank. Because keeping a craftsman asking for money or need money for the cost of weaving or woven cost for example. Expenditures for craftsmen are separated, because so I

know how much has been paid and how many have not been paid. To be known to anyone who takes money, and who does not. "

The meaning embodied in human resource accounting; "The weaver receives wages according to his work, for example his usual ordinary weave work, the more complicated weaving does not rule out the possibility he can more than 500rb it. Craftsmen are counted not per month but based on a fabric made up. If totaled every month, depending on their craft and diligence, for example, no housework, they will get results fast, that is, working on the work wears. But if for example a lot of household work they face in their respective households, yes sometimes they produce 2 pieces 1 month. The most up to 7 sheets 1 month".

Strengthening the statement of mother ati: "There is also a request first, later dititi later. I do the process of continuing to weave this, it does not mean when there is an order only, meaning that if they take first as much as the price of 7 pieces, then they are counted again after finished my order again woven, to pay off the debt taken earlier. To know the 7 sheets, can not be known directly because it must be calculated first. All must be calculated dl, for example the price of 250 rb, the price of the yarn 45-50 rb, jd cut 50rb, the rest they receive 200rb / lbr his woven cost them ".

Even the mother ati in taking her right also according to the following statement: "I never take a salary from this result, which is important sy spending enough for the needs of the days of the month. Never calculated its value, I just love it out for shopping needs of the days. I do it as all capital, I take salary only for the needs of my days for 1 month. Sometimes a month is a lot of behavior, continue months later a little bit, so inevitably from the many results that can support the needs of my life next month. When the customer is quiet again. Approximately Rp. 2.000.000, for household needs only the cost of eating, drinking, children's needs, everything "

## **DISCUSSION**

Some of the things that cause the weakness of accounting in SMEs are the lack of SMEs mastering the financial system adequate and lack of understanding of SMEs about the importance of preparing financial statements of a business (Andriani, 2014; Sofiah, 2014; Narsa, 2012), because it is more important for SMEs is how to generate a lot of profits without the hassle of implementing accounting (Andriani, 2014). The effect of a lack of understanding of SMEs on the importance of accounting may not be apparent, but in the absence of a good accounting system that affects the sustainability of SMEs. This statement is in line with the expression of Senior Manager of Learning Center Group Mandiri, Maryana Syamsiah reported by Zachra (2011): "The taste of buyers is constantly changing, competitors are increasing, raw materials and equipment prices also change. If we as business actors can not address this well through future planning, the business is threatened with shake. .... "Micro businesses have high growth flexibility. In a short time, they can grow rapidly. Unfortunately, because there is no bookkeeping, business growth is not maximal. "

Behind the weakness of accounting recording in the growing SME environment is very interesting researchers to know the accounting practices in SMEs who have made accounting records.

While it is a reality that the existence of Small and Medium Enterprises (SMEs) / home industry is more dominant than the Big Business in the Indonesian economy. The dominant contribution of SMEs to the Indonesian economy can be seen when Indonesia is hit

by economic crisis. At a time when big companies are proud and become the backbone of the economy is not able to survive, on the contrary SMEs are able to survive and even grow. Munizu (2010) reported that while in the midst of the process of restructuring the choporate sector and SOEs is slow, on the contrary the SME sector shows an increasing growth even SMEs can support the growth of national economy.

As if to emphasize the above statement, that SMEs in Indonesia are considered to be one of the powerful people's economic drivers, able to show its existence by staying afloat in the face of business changes since the monetary crisis faced by Indonesia in 1998 followed by the global crisis in 2007-2008. This SME's toughness brings SMEs into one of the key Indonesians out of the crisis through its role of providing employment and generating useful output for society (Permatasari, 2015). Economic journey since the crisis hit is indeed the right momentum to see the strength of SMEs, ie SMEs able to make adjustments immediately, and able to survive with the same activities.

The ability to survive and dominate SMEs in building the country's economic strength because it has several advantages, among others: Simply flexible and very adaptable to the ups and downs and direction of market demand, create jobs faster than other business sectors, has a wide diversification, developing their own capital, the ability to repay loans at high interest and involving little bureaucracy (Narsa, Widodo and Kurnianto, 2012; Hamdani and Christina, 2012).

Conceptually, recognition is the presentation of information through financial statements, and technically, recognition means the official recording of a quantity (quantity of rupiah) of measurement into an accounting system so that the amount of rupiah will affect a post and reflected in a financial statement ( Suwardjono: 195)

Conventional financial statements do not accommodate the presentation of information about these human resource assets. For companies with a large portion of their assets in the form of intellectual capital such as public accounting firms and public football companies, for example, the absence of this information in the financial statements would be misleading, as it may affect company policy. Therefore, the financial statements should be able to reflect the existence of intangible assets and the amount of recognized value. Conventional financial statements generally do not reflect the financial position of a company because the report does not include human assets, this is because all expenses incurred for obtaining on recruitment, selection, training or development are considered as expenses. Based on accounting theory of human resources, all expenses incurred are considered as assets that will help the company to achieve its goals.

Damayanti (2015), argues in his journal: "Because the company will get a probable future economic benefit, with the capital invested to manage human resources so that there will be experts within the company. So here, human resource accounting is not just a a system that measures the cost and human value of an organization, but a science that studies how to manage people as an organizational resource. "

According to Sudarno (2010), there are still many differences among accountants that human resources are part of the company's assets that must be reported on the balance sheet, even though they have agreed that human resources are a huge asset of the company's contribution to providing future economic benefits to company. The effort to include human resources as an asset in the balance sheet is hampered by having to meet the recognition

criteria as a company asset. Criteria for asset recognition as in the Statement of Financial Accounting Concept No. 5 prg. 63 is: 1. Definition - a post must satisfy the definition of the element of the financial statements, 2. Measurability - a post must have attributes that are linked to a decision and can be measured with a sufficient level of reliability, 3. Relevance - information contained in a post has the power to making a difference in user decision, 4. Reliaability - information contained in a post correctly summarizes phenomena, tested (verified) and neutral.

Irawan (2016) in his journal argues that in recent years the Generally Accepted Accounting Principles (GAAP) financial reporting standards have led to more complex adoption than traditional measurement methods with traditional historical approaches to asset measurement. The strong development of International Financial Reporting Standards (IFRS) provides an indication that the accounting reporting environment has the potential to encourage alternative measurement and reporting standards. This will provide support for the possibility that future financial statements include non-conventional measurements such as human resource value using the HRA assessment method.

Although the origins and early development of Human Resources Accounting (HRA) occurred primarily in the United States, but interest and contributions to its development have been conducted in a number of other countries. This study aims to reveal an overview of the development and accounting implications of human resources (Irawan, 2016).

The statement of the mother who emphasizes the existence of a structural phenomenon, means that the presence of UD. Agung is very important for the weaving craftsmen. In a state of urgency due to the financial condition of the artisans, Ibu Ati provides a real working solution that by weaving can help the needs of the craftsman's family. Besides the reason the mother ati did not choose the form of cooperatives is not burdening the artisans by borrowing money for the needs of the family of craftsmen without any interest on the loan.

## **CONCLUSION**

Although UD. Agung can be regarded as SMEs that have been successful and successful in running their business, but the existence of the intensity of accounting practice is still very low and its application is still very simple. Accounting practice at UD. Agung is not only interpreted as an attempt to perform the calculation of the numbers then presented in the form of notes. However, accounting in this study is also interpreted as an effort to calculate the numbers that are done in the minds and minds of business actors without holding records. This form of accounting practice can be seen when the informant determines the cost of production and the selling price. The form of accounting practice then develops in the form of accounting records. Accounting recording is still interpreted as a process of learning and transition so that the recording is still done very simple and only applied to some business activities only.

Because of the importance of weaving craftsmen to UD. Agung, then the meaning that is in Accounting Human Resources home industry UD. Supreme, can not be applied Human Resource Accounting at home industry UD. Agung, due to the absence of training, recruitment of workers, and education. While salaries, allowances and bonuses are not included in the capitalized cost group, because they are expenditures to maintain or maintain employees to keep working and achieving as expected by the company (Sudarno, 2010).

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