

# Human Resource Development and Competence on Employee Performance through Application of Human Resource Accounting at PT. SBM

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**Abstract:** *HR is one of the resources that cannot be released from the management of a business. This study aims to analyze the influence of (1) human resource (HR) development on the application of human resource accounting (HRA); (2) HR competencies on the application of HRA; (3) HR development on employee performance; (4) HR competencies on employee performance; (5) the application of HRA on employee performance; (6) the HR development through the application of HRA has an effect on employee performance; (7) HR competencies through the application of HRA has an influence on effect performance. To achieve these objectives, the method of data collection was done through observation, questionnaires, and interviews. Analysis of the data used were validity and reliability test, descriptive analysis, analysis of the measurement model (outer model), analysis of the structure model (inner model), and hypothesis testing. The results of the analysis show that the HR development has had a positive and significant influence on the application of HRA. HR competence has had a positive and significant influence on the application of HRA. The HR development has a positive and significant influence on employee performance. HR competence can improve employee performance and have a significant influence on employee performance. The application of HRA has a positive and significant influence on employee performance. The mediation test results that show that the application of HRA has not been able to mediate the influence of HR development on the performance of employees, but the development of human resources can only influence employee performance. The test results mediate the influence of competencies with employee performance through the application of HRA. Wherein the mediation test in this study shows that the application of HRA cannot mediate the influence of competency on employee performance.*

**Keywords:** HR development, HR competence, application of HRA and employee performance

## 1. Introduction

Companies in the operation of their business needed innovative thoughts, intellectual capital, creativity, skills, integrity, and continuous improvement in all aspects to support their success. HR is an important asset that must be owned and considered by management. Humans for a company were often expressed as assets that were very valuable or often termed as human assets (HA) / human capital (HC) (Priyati & Fakhrudin, 2014). Cherian & Farouq (2013), stated that HR was one of the biggest assets of an organization. HA/HC influences organizational value (Theeke & Mitchell, 2008).

Resource-Based Theory stated that companies that excel in business competition and improve good performance by possessing, mastering, and utilizing strategic assets including tangible assets and intangible assets (Wernerfelt, 1984, in Alafi & Suranta, 2018). Mulyono in Alafi & Suranta (2018), argued that the core of RBT was a competitive advantage. If superior resources, especially human resources could be managed by the company appropriately, then the company would be able to realize competitive advantage and eventually would lead to good performance.

Human resources as workers or employees who worked for companies in the context of their operations. The company actually did not own or control such human resources, such as physical ownership of other assets, but ownership of operational rights to obtain benefits or benefits from human resources by using their services in the company's operations (Ningsih, 2001). A number of funds and materials were issued by the organization to recruit, choose, accept, train

and develop its human resources, and human investment for the organization. The development of the business environment and increasing interest in humans as capital, had an impact on the need for human resource assets (HRA), including growing in Indonesia. This case was needed primarily by companies that place their HR as an important part of earning profits.

Accounting development had progressed quite rapidly. The idea of human resource accounting (HRA) began with a view on the role of human resources that supports the survival of the company and the importance of human capital to the economy. This was driven by the increasing awareness of the most valuable assets in the company namely HR, especially intellectual capital. Estimates of cash, tangible fixed assets and other intangible assets were under human control. Without humans, the company's resources would not be able to generate profits or increase its own value (Suwatno & Priansa, 2011). Human who managed a company and created the added value. Without humans, assets owned by companies were passive assets that could not do anything without human policy intervention (Harahap, 2011).

Conventional accounting had not revealed recognition and measurement of HR as company assets. The purpose of presenting HR was to identify changes in the value of HR so that HR could be known in the company experiencing an increase or decrease in value in a certain period. Conventional accounting treats expenditure for HR, only as an expense, without separating it into components of assets or costs. An important criterion for determining whether a cost was an asset or expense was closely related to the potential or value of the benefits provided in the future.

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Conventional accounting methods did not facilitate the recording and recognition of HR values (Cherian & Farouq, 2013).

Alafi & Suranta (2018), stated that HRA had an important role in the decision-making process and to see the company's investment in HR in long-term benefits. HR accounting could provide important information. The impact of HR-related decision making would be seen from the productivity and effectiveness of the company seen in the long term, then HR accounting provided information that had an impact on productivity, the company recognized the disclosure of HR accounting on company performance.

PT. SBM is a company engaged in manufacturing. Based on the data obtained regarding company performance in 2012-2014, showed that the company's performance had increased, but the company's performance during 2015 and 2016 had decreased.

## 2. Research Methods

This study used a quantitative research approach. This research was conducted at PT SBM, which was engaged in cement manufacturing, having address at Maros Regency, South Sulawesi Province. This research was conducted for 2 months.

This study design used a questionnaires by submitting a number of questions using a questionnaire to reveal the analysis of the development and competency of human resources on employee performance through the application of human resource accounting at PT. SBM.

Data collection in this study was obtained through interview, observation and library research. Data needed in this study were primary data and secondary data. The collection of primary data was carried out by several techniques (1) Observation, which was to make direct observations of the object under study in order to obtain accurate information by looking directly at the real situation and conditions. (2) Questionnaire, was a closed questionnaire that includes two parts, the first part consists of questions in order to obtain respondents' personal data and the second part, was used to obtain data about the dimensions of the construct developed in this study. (3) Interviews, researcher conducted interviews directly with respondents by asking a number of questions to complete and as a cross check from the questionnaire data.

Descriptive/qualitative in this study described the demographics of respondents and respondents' responses about the indicators of each research variable. SEM-PLS analyzed through analysis of the measurement model (Outer Model), analysis of the structural model (inner model) and hypothesis testing.

## 3. Results

The review from the demographic description of the respondents showed that the majority of employees age between 31-40 years and dominated by male employees. Then in terms of the latest education level, most of the employees of PT. SBM were undergraduate. Average

employees had been working period of 3-4 years and dominated by employees who worked in the Manufacturing Sector. Then the description of respondents' responses regarding HR development, HR competencies, the application of HRA and employee performance, most of the respondents gave agreed answers.

**Table 1:** Outer Loading Range in SEM-PLS of each Research Variable Indicator

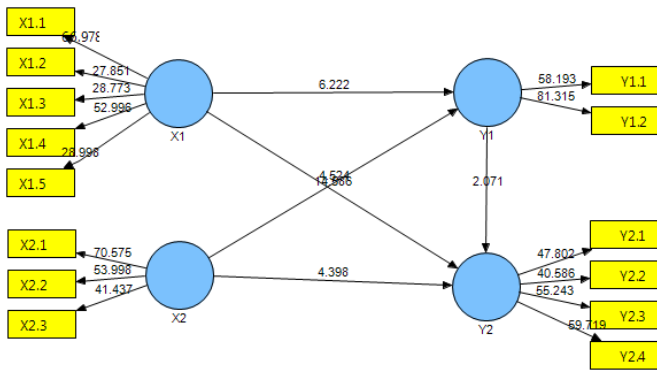
Research Variable	Research Indicator	Loading Factor	Loading Standard	Description
A. HR Development	X1.1	0,855	0,5	Valid
	X1.2	0,772	0,5	Valid
	X1.3	0,762	0,5	Valid
	X1.4	0,862	0,5	Valid
	X1.5	0,788	0,5	Valid
B. HR Competencies	X2.1	0,892	0,5	Valid
	X2.2	0,86	0,5	Valid
	X2.3	0,812	0,5	Valid
C. Application of HRA	Y1.1	0,878	0,5	Valid
	Y1.2	0,901	0,5	Valid
D. Employee Performance	Y2.1	0,856	0,5	Valid
	Y2.2	0,834	0,5	Valid
	Y2.3	0,867	0,5	Valid
	Y2.4	0,875	0,5	Valid

The results of testing of the research instrument showed that all the questions used in the research variables were valid and reliable so that further analysis could be carried out. Then from the results of SEM-PLS analysis for the analysis of the measurement model (outer model) through the convergent validity test showed that all variables were valid (table 1).

**Table 2:** Cross Loading Results from Each Indicator of Research Variables in SEM-PLS

	X1	X2	Y1	Y2
X1.1	<b>0,855</b>	0,487	0,461	0,639
X1.2	<b>0,772</b>	0,581	0,526	0,630
X1.3	<b>0,762</b>	0,418	0,453	0,540
X1.4	<b>0,862</b>	0,442	0,406	0,618
X1.5	<b>0,788</b>	0,504	0,451	0,639
X2.1	0,512	<b>0,892</b>	0,464	0,545
X2.2	0,469	<b>0,860</b>	0,435	0,545
X2.3	0,573	<b>0,812</b>	0,447	0,513
Y1.1	0,498	0,494	<b>0,878</b>	0,425
Y1.2	0,517	0,443	<b>0,901</b>	0,544
Y2.1	0,603	0,600	0,442	<b>0,856</b>
Y2.2	0,610	0,480	0,467	<b>0,834</b>
Y2.3	0,715	0,538	0,456	<b>0,867</b>
Y2.4	0,676	0,529	0,515	<b>0,875</b>

The discriminant validity test shown that all variables had met discriminant validity (Table 2). Then the reliability test through Cronbach's Alpha was already reliable, while for the composite reliability shown that all variables were reliable in forming the construct.



**Figure 1:** Bootstrapping results with SEM-PLS

Before analysis of the structural model (inner model), the first would be presented was bootstrapping in the SEM-PLS (figure 1). Then through the test of goodness fit the model had been declared feasible so that it could be analyzed further.

**Table 3:** Path Coefficient Test results were processed with SEM-PLS

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics (O/STERR)
X1 -> Y1	0,399	0,396	0,064	0,064	6,222
X1 -> Y2	0,561	0,554	0,038	0,038	14,586
X2 -> Y1	0,283	0,290	0,063	0,063	4,524
X2 -> Y2	0,229	0,233	0,052	0,052	4,398
Y1 -> Y2	0,107	0,110	0,052	0,052	2,071

To test the research hypothesis (table 3) then it was first presented the path coefficients which were processed with SEM-PLS 2.0, then the results obtained that each independent variable had a positive effect on the dependent variable. While the results of the mediation test showed that the application of ASDM could not mediate the influence of HR development on employee performance. Then the application of human resource accounting could not mediate the influence between competencies on employee performance at PT. SBM.

#### 4. Discussion

The results of testing of the path could be seen that the HR development had an effect on the application of HRA, which meant that with the HR development, it would be able to have an impact on increasing the application of HRA to PT SBM. Empirically, HR development had a significant effect in improving HR development through training and could improve the application of HRA.

HR competency had an effect on the application of HRA, that the higher competence of employees would have an impact on the application of HRA. The results of the statistical analysis test obtained empirical findings that employee competence had a significant effect in improving the application of HRA.

HR development had a positive effect on employee performance. HR development could improve employee performance at PT. SBM. From the results of path testing with the SEM-PLS method, it could be said that HR

development had a significant influence in improving employee performance.

The results of the path test using the SEM-PLS method, after analysis, the findings obtained that competence had a positive effect on employee performance. Where the implications in this study obtained empirical findings that employee competence would have an impact in improving employee performance.

The application of HRA to employee performance empirically obtained findings that the application of HRA carried out appropriately would have an impact in improving employee performance. Then, in the meaningful test conducted so far it could be seen that empirically that the application of HRA have a meaningful influence in improving employee performance.

The influence of HR development on employee performance through the application of HRA, could not mediate the influence between HR development on employee performance. HR development only affected employee performance.

The influence of HR competencies on employee performance through the application of HRA, from the results of mediation tests in this study showed that the application of HRA had not been able to provide an influence between competency on employee performance. So that it could be said that in this study, the application of HRA could not mediate competency on employee performance.

#### 5. Conclusion

Based on the results of the analysis regarding the influence of HR development on the application of HRA at PT. SBM, from the findings of this study, showed that HR development had a positive and significant influence on the application of HRA. The results of the analysis regarding the effect of competency on the application of HRA at PT. SBM, in this study showed that competence had a positive and significant influence on the application of HRA at PT. SBM. Effect of HR development on employee performance at PT. SBM, showed that HR development had a positive and significant effect on the performance of employees of PT. SBM. Competence could improve employee performance and have a significant influence on the performance of employees of PT. SBM. The application of HRA had a positive and significant effect on employee performance. The results of the mediation test in this study indicated that the application of HRA had not been able to mediate the influence between HR development on employee performance, but HR development could only affect employee performance. The test results mediate the influence of competencies with employee performance through the application of HRA. Where in the mediation test of this study showed that the application of HRA could not mediate the influence of competence on employee performance. It was recommended to further enhance human resource development by further enhancing the ability of instructors (trainers) with knowledge, especially in the field of training was given to train participants.

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