Implementation of Disclosure of Human Capital Reporting in Creating Corporate Value at PT. Semen Indonesia

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ABSTRACT

This study aims to analyze and describe how the disclosure of human capital reporting based on the principles of Human Resources Management (HRM), Human Resources Accounting (HRA) and Human Capital Management (HCM) in the annual report of PT. Semen Indonesia can create corporate value. Human capital is the most important capital for the company. Skills, knowledge and behavior that are well managed are expected to give the best contribution to support efforts to achieve the company’s vision and mission. This research is a qualitative research using content analysis method. This study concludes that the disclosure of human capital reporting that is in line with the principles of HRM, HRA and HCM can create company value even though it only implements the disclosure pattern without the use of costs, metrics and indicators of achievement.

Keywords: Human Capital Reporting, Voluntary Disclosure

Introduction

There are several studies on the role of human capital in companies and measurements such as in research (Goldin, 2003), (Landau, 2009) and (Cahyati, 2012). Also research on how important human capital is as part of intellectual capital as in research (Tanjung and Basuki, 2013), (Martani, Nastiti and Wicaksono, 2014) and (Joseph, 2014) but still not many have done research on how the role of human should be. capital and its management are disclosed in the annual report.

Until now, accounting has limitations in disclosing human capital and disclosing investments to obtain these non-physical resources. Investment in non-physical resources according to accounting standards is limited to investment in the form of intellectual property. According to (Cahyati, 2012), accounting tends to only focus on real assets.

PSAK-19 Financial Accounting Standards also have not explicitly disclosed about human capital. PSAK-19 revised 2018 only describes intangible assets as a resource. (Indonesian Accounting Association, 2018) provides examples of intangible assets such as science or technology, design and implementation of new systems or processes, licenses, intellectual property rights, market knowledge and trademarks.

The Financial Services Authority in the Regulation of the Financial Services Authority Number 29 /POJK.04/2016 concerning the Annual Report of Issuers or Public Companies has determined the procedure for submitting the...
annual report starting from the general provisions, preparation, form and content of the annual report. However, the regulation only describes the mandatory minimum disclosure.

The demand for the disclosure of human capital in the annual report is getting louder because in a business where human capital plays an important role in the movement of its business and has a material influence, then the disclosure of human capital in the annual report should be done. Human resources as human capital are the moral compass of the company, and disclosure of human capital in the annual report is one way to measure it and provide information to investors in a more complete context.

This is in line with the statement (McCann, 2019) which says that human capital management is an important driving factor for the company's success. Human capital is the designer and actor for value creation, risk reduction and compliance monitoring in a company. Human capital with its intellectual capital becomes an important part when the company formulates its corporate strategy so that it can continue to grow. As a statement from (Sulistyowati, 2018) which says that, "The company’s strategy is built from the role of human resources as human capital whose intellectual capital is owned by the company to manage, monitor and develop the company." Disclosure of human capital reporting in the annual report is also in line with stakeholder theory that requires the company's management to manage and foster all the resources it has both internally and externally to add value to the company.

**Literature Review**

Human capital is considered as a driving force and a giver of value to the company, which is directly responsible for the success of the company. Disclosure of human capital in the annual report is needed to find out how the company obtains and manages its human capital to create corporate value. Therefore, the demand for disclosure of human capital reporting in the annual report is getting higher.

From year to year the disclosure of information about human capital reporting in the annual report has increased and is increasingly considered as a necessity. According to (Ridhuan, Abdul and Mohammed, 2016), said that information about human resources has increased because of the better understanding and awareness of company management about human resources as human capital that is able to create long-term value for the company.

The company will be successful if it is driven by great human capital with a solid work culture and is obedient to the prevailing norms and regulations. Good and correct human capital management is the key to the company's success in adding value to the company for its stakeholders. This is in line with what was said (Sukoco and Prameswari, 2017) that, the key to a company's success is not in technological superiority or the availability of funds but lies in human resources as human capital who have competencies that are in accordance with the needs.

Human capital management in the company also needs to be measured and evaluated so that it can be seen how big the role of human capital is in adding value to the company. Measurement, evaluation, reporting and disclosure of the management of human capital in the company is the responsibility of management and human resources as human capital itself. Standardization of disclosure of human capital reporting in the annual report is important and needs to be researched and analyzed properly so that it can be measured and makes it easier to disclose. This is in line with what was said by (Prysa et al., 2018) that the measurement of the implementation of human capital that has been well standardized supported by the use of an information system that is designed and integrated in accordance with the work process flow will make it easier to disclose.

Based on previous studies it can be said that:

a. Human capital as the intellectual stock of a company has an important impact on company performance.

b. Currently, accounting tends to focus on assets that are real, even though it is human resources as human capital that gives the company competitive value.

c. Because of the importance of the role of human capital in creating an increase in
company value, the management of human capital should be disclosed in the annual report.

d. Human capital that is interpreted and managed properly will be able to create long-term value for the company.

e. Basically, human capital is the key to a company's success, so management disclosure in the annual report requires general guidelines.

The value of the company

The value of a company is the selling value of a company when the company runs its business. The selling value of the company is the actual sales value of all company shares according to the actual value per share. According to (Wefi, 2020) the value of a company's shares fundamentally represents the value of the company. This statement is based on a fundamental analysis that assesses the current assets of the company and the potential of the company to generate profits in the future. The value of shares that represent the value of the company is the value of shares based on market value which is formed from market supply and demand.

According to (Investor Daily, 2021) in his analysis of Semen Indonesia's Fundamentals Remain Sturdy, the biggest driving factor in assessing PT. Semen Indonesia and still maintains its recommendation to buy its shares because there is a high potential and expectations for an increase in its net profit from year to year.

Stakeholder Theory

Stakeholder theory says that financial disclosures, and non-financial disclosures in financial reports, annual reports and sustainability reports are communication media between management as company managers and their stakeholders. This is in line with what is said (Parmar, 2010) that, customers, suppliers, employees, investors (shareholders, bondholders, banks, etc.), the community and company management interact to jointly create corporate value.

Chart 1. Main Stakeholders of a Company

Source: (Dabur, 2021)
Human Resources Management (HRM)

The management of a company must carry out effective and efficient management and approaches in order to produce the most optimal management of its human resources for the benefit of the company and related stakeholders. This is in line with the view (Joshi, 2015) which says that human resources must be interpreted and managed by the company uniquely in order to be in line with the company's goals.

Human resource management has the aim of managing the company's human resources so that the company can achieve its vision and mission through its human resources. This is in accordance with what was said (Reucroft and Scott, 2015) that human resource management balances the needs of the organization and the needs of human resources so as to create conditions in which both can advance and develop together in harmony.

In general it can be said that:

a. Human resources management is a multi-disciplinary system that functions to organize human resources in order to create increased company value.
b. The management of a company must carry out effective and efficient management and approaches in order to produce the most optimal management of its human resources.

Human Resources Accounting (HRA)

Human resources accounting is part of human resources management that specifically undertakes all forms of costs and investments that the company provides to its human resources. This is in accordance with the words (Kumar et al., 2016) which says that, human resource accounting is made as an effort to identify, record and report investments that have been made by an organization to its human resources.

Human resources accounting is currently considered to have a very important role because investment and human resource costs are very expensive. Although expensive, the investment made in the company's human resources is very important because the investment keeps the company's human resources competent according to the times. According to (Sage et al., 2014), although it is expensive to invest in human resources, it is necessary to prevent the optimization of its utilization from decreasing or even losing (when resigning).

In general it can be said that:

a. Human Resources Accounting developed when human resource management began to see workers as a high-value resource that requires investment to increase its value.
b. In principle, human resources accounting regulates how investment in human resources can be measured, how costs incurred can be recorded and how the value given can be evaluated.

Human Capital Management (HCM)

Human Capital Management regulates the role of human resources that are considered important to provide more added value to the company. Human resources who make decisions and who manage the company are the spearhead of the company's success. (McCann, 2019) argues that, the wrong selection and management of human resources will pose a big risk to the company. Investors want to invest in companies that have complete disclosures and can provide a clear and transparent picture of their human capital management.

Companies generally have three main capitals, namely physical capital, financial capital and intellectual capital. Intellectual capital consists of, human capital, structure capital and customer capital. (Daulay and Wahyudi, 2019) said that, it is time for human capital information to be treated equally with other financial and capital information.

According to (Mee, 2019), human capital in a company has three main roles, namely:
a. What creates value for the company
b. Who performs risk management in the company
c. Who carries out compliance monitoring.
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Chart 2. The Role of Human Capital in Companies

- **Menciptakan Nilai**
  - Return on Investment
  - Pemberian laba bagi pemegang saham
  - Pendapatan per Karyawan
  - Produktivitas
  - Layanan
  - Keunggulan Kompetitif
  - Pertumbuhan

- **Mengurangi Resiko**
  - Mengelola biaya
  - Mengurangi risiko
  - Memberi reputasi pada merk
  - Memberi peran dalam retensi pelanggan
  - Melindungi Pendapatan
  - Melindungi Pangsa Pasar
  - Monitoring operasional

- **Memantau Kepatuhan**
  - Kepatuhan Legal
  - Persyaratan peraturan
  - Kepatuhan kebijakan
  - Audit
  - Etika
  - Pedoman Perilaku
  - Transparansi
  - Peraturan Perlindungan Data Umum

Source: (Mee, 2019)

**Analysis Model**

The research design and the flow of thought in analyzing the content of human capital disclosures in the annual report in this research are as follows:

a. Analyze, classify and define relevant human capital disclosures
b. Develop categorization and conceptual relationships about human capital disclosure
c. Mapping according to the principles of human resources management (HRM), human resources accounting (HRA) and human capital management (HCM)
d. Describe how the role of human capital implementation in creating company value.

Chart 3. Flow of thought in content analysis of Human Capital disclosure
Research Approach Perspective

The approach used in this study is a qualitative approach. Researchers try to understand the disclosure of human capital reporting in the annual report in a structured and in-depth manner in order to understand clearly and evaluate it based on stakeholder theory and principles of human resources management (HRM), human resources accounting (HRA) and human capital management (HCM).

The researcher analyzes according to the research objectives systematically on the content of the annual report related to the implementation of human capital reporting. Researchers try to analyze aspects of clear messages such as words or attributes about the implementation of human capital reporting in the annual report and then interpret it broadly, including the content of human resources management (HRM), human resources accounting (HRA) and human capital management (HCM) and interpreting them related to increase in the value of PT. Semen Indonesia.

Research focus

This study focuses on the analysis of mandatory and voluntary human capital reporting disclosures in the annual report of PT. Semen Indonesia in creating corporate value. By analyzing the pattern of disclosure of human capital reporting in the annual report of PT. Semen Indonesia, which is the best corporate human capital award in the business news and forum of human capital Indonesia in 2020, is expected to describe the disclosure pattern of human capital reporting, based on the principles of human resources management (HRM), human resources accounting (HRA) and human capital management (HCM).

Data Types and Sources

Researchers used secondary data in the form of the annual report of PT. Semen Indonesia 2015-2019 from the company’s official website and data submitted on the official website of the Indonesian stock exchange. The data will be supported by relevant literature studies to provide a better and comprehensive insight related to the disclosure of human capital in the annual report.

Research Results and Discussion

Human Resources Management (HRM)

The principles of management and disclosure of human resource management are classified into 6 major groups consisting of:

a. Human Resources Planning
   Disclosure of human resources planning at PT Semen Indonesia emphasizes more on human resource management planning but there is no disclosure related to the human resource management budget.

Table 1. Disclosure of Human Resource Planning

<table>
<thead>
<tr>
<th>HR Planning</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Perencanaan sumber daya manusia</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>2 Budget sumber daya manusia</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

b. Human Resources Data

Disclosure of human resources data at PT Semen Indonesia contains demographic data, training and development data and data on compensation. The data disclosure emphasizes that the company has managed human resources data as personal information but there has been no disclosure related to data management.
Table 2. Disclosure of Human Resource Data

<table>
<thead>
<tr>
<th>HR Data</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Data dasar</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>2. Data akuisisi</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>3. Data kompensasi</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>4. Data pelatihan &amp; pengembangan</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>5. Data rencana &amp; realisasi karir</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>6. Data kinerja</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>7. Data kesehatan &amp; keselamatan kerja</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>8. Data kehadiran &amp; kedisiplinan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>9. Data kehidupan &amp; perselisihan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>10. Data demografi</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

c. Human Resources Cost

In the annual report of PT. Semen Indonesia, disclosures related to human resources costs are only limited to information that the company has carried out its remuneration payment obligations in accordance with applicable regulations.

Table 3. Disclosure of Human Resource Cost

<table>
<thead>
<tr>
<th>HR Cost</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Upah pokok</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>2. Upah lembur</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>3. Uang makian</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>4. Uang transport</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>5. Bonus</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>6. Insentif</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>7. Tunjangan hari raya</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>8. Tunjangan operasional</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>9. Tunjangan kesehatan</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>10. Tunjangan hari tua</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>11. Tunjangan pensiun / phk</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>12. Biaya perjalanan dinas</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>13. Biaya pendidikan</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>14. Biaya pelatihan</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>15. Biaya pengembangan</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
<tr>
<td>16. Profesional fee</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
<td>v</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia
d. Human Resources Personnel Practice

Disclosure of human resources personnel practice at PT Semen Indonesia contains information on termination of employment, work culture and leadership. Disclosure of this information places more emphasis on the number of layoffs, how to socialize work culture and the importance of leadership.

Table 4. Disclosure of HR Personnel Practice

<table>
<thead>
<tr>
<th>HR Personnel Practice</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Recruitment</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>2 Seleksi</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>3 Penempatan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>4 Mobilisasi</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>5 Penutupan Hubungan Kerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>x</td>
</tr>
<tr>
<td>6 Budaya kerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>7 Kepemimpinan</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>8 Rencana karir</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>9 Manajemen kompensasi</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>10 Kesehatan dan keselamatan kerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>11 Kode Etik</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>12 Peraturan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>13 Standar Operasional Prosedur</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>14 Absensi dan kedisiplinan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>15 Penanganan keluhan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>16 Penanganan perselisihan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

*Source: Processed from the annual report PT. Semen Indonesia*

e. Human Resources Performance

Disclosure of human resources performance at PT Semen Indonesia contains information that the performance of human resources has been managed properly. Performance will be assessed according to the performance given and linked to the remuneration received.

Table 5. Disclosure of Human Resource Performance

<table>
<thead>
<tr>
<th>HR Performance</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Perencanaan kinerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>2 Pemantauan kinerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>3 Penilaian kinerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>4 Unapan balik kinerja</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

*Source: Processed from the annual report PT. Semen Indonesia*
f. Human Resources Development

Disclosure of human resources development at PT Semen Indonesia is quite complete and detailed. PT. Semen Indonesia implements human resources development with various programs including: Implementation of Corporate Culture (CHAMPS), Basic Management Training, Technical Competency Development, Personal Mastery Development, ESQ, Safety and On the Job Training (OJT). Disclosure of human resources development has also informed the amount of funds used and the time of training as well as competency specifications developed.

Table 6. Disclosure of Human Resource Development

<table>
<thead>
<tr>
<th>HR Development</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pelatihan</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>Pengembangan</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

Human Resources Accounting (HRA)

In general, human resources accounting disclosures cannot be seen in the annual report of PT. Semen Indonesia. Human Resources Cost (Historical Cost) is only disclosed that it has been paid to employees in accordance with applicable regulations.

Table 7. Disclosure of HR Cost (Historical Cost)

<table>
<thead>
<tr>
<th>Human Resource Cost (Historical Cost)</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Upah pokok</td>
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<td>V</td>
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<td>V</td>
<td>V</td>
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<tr>
<td>Upah lembur</td>
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<td>V</td>
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<tr>
<td>Uang makan</td>
<td>V</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Uang transport</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Bonus</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Insentif</td>
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<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Tunjangan hari raya</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Tunjangan operasional</td>
<td>V</td>
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<tr>
<td>Tunjangan kesehatan</td>
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<tr>
<td>Tunjangan hari tua</td>
<td>V</td>
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<td>V</td>
<td>V</td>
<td>V</td>
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<tr>
<td>Tunjangan pensiun / phk</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>Biaya perjalanan dinas</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

a. Acquisition Cost

Recording of costs associated with the process of searching for human resources, the selection and recruitment process, acceptance, placement, mutation, orientation period, loss of productivity to termination of employment.

Table 8. Disclosure of Acquisition Cost
b. Development Cost

Recording of investments related to education, training and development as well as lost productivity in accordance with the hours left for such education, training and development.

**Table 9. Disclosure of Development Cost**

<table>
<thead>
<tr>
<th>Development Cost</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td>Biaya pendidikan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Biaya pelatihan</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Biaya pengembangsi</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Biaya hilangnya produktivitas</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>Profesional fee</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

*Source: Processed from the annual report PT. Semen Indonesia*

**Human Capital Management (HCM)**

PT. Semen Indonesia is committed to optimizing human resources as human capital that optimally makes the company successful. Human capital management is directed at operational innovation and implements 4 focused strategies which include revenue management, cost management, capacity management and improving competitive advantage.

The four main pillars of human capital management according to (Ganaphaty, 2018, p. 20) are:

a. Competency Management

In competency management, PT. Semen Indonesia established a development institution forum, namely: Center of Engineering, Center of Research, Center of Dynamic Learning, and Center of Knowledge Management to prepare best people.

**Table 10. Disclosure of HC- Competency Management**
b. Performance Management

Related to performance management, PT. Semen Indonesia has implemented job evaluation human resource management, job grading analysis, performance management system and performance base reward.

Table 11. Disclosure of HC-Performance Management

<table>
<thead>
<tr>
<th></th>
<th></th>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Performance Measure</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>2 Performance Manage</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>3 Performance Reward</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

c. Change Management

Change management at PT. Semen Indonesia is disclosed through:
- Transformation of human resource management towards human capital as an asset that can be measured and can be translated into financial language.
- Adapting the organization to become a holding company in order to be better prepared to face the competition
- Make efforts to prevent resistance to change by positioning managed human resources as partners

Table 12. Disclosure of HC-Change Management

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Organization adaptable</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>2 Organization transformation</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
<tr>
<td>3 Organization resistance reduction</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
<td>V</td>
</tr>
</tbody>
</table>

Source: Processed from the annual report PT. Semen Indonesia

d. Transformation Management

Management transformation at PT. Semen Indonesia is disclosed through:
- Sharpen dynamic learning
- Increase understanding of corporate culture as the foundation of the company
- Believing in the role of human resources as the main asset and partner for the company
- Develop innovation management

Table 13. Disclosure of HC-Transformation
Disclosure Results

Based on the content analysis of the annual report of PT. Semen Indonesia period 2015-2019 Implementation of Disclosure of Human Capital Reporting with scoring technique. Score 0 if there are no disclosure items related to the principles of human resources management, human resources accounting and human capital management and score 1 if there are related disclosure items are as follows:

a. Implementation of Human Capital Reporting Disclosure in the Annual Report of PT Semen Indonesia based on the principles of human resources management from a total of 50 components, only 34 components were fulfilled or around 68% of them.

b. Implementation of Human Capital Reporting Disclosures in the Annual Report of PT Semen Indonesia based on human resources accounting principles from a total of 26 components, only 13 components were fulfilled or about 50% of them.

Graph 1. Disclosure Based on HRM Principles

Graph 2. Disclosures Based on HRA Principles
c. Implementasi Pengungkapan Human Capital Reporting di Laporan Tahunan PT Semen Indonesia berdasarkan prinsip human capital management dari total 10 komponen telah terpenuhi semua atau 100%

Graph 3. Disclosures Based on HCM Principles

Disclosure Results

Human capital management as disclosed in human capital reporting in PT Semen Indonesia’s 2015-2019 annual report plays a very important role in maintaining company value when business competition is getting tougher and economic conditions are declining which has a direct impact on cement sales.

Table 14. Share Performance of PT. Semen Indonesia
a. 2015
In 2015 there was a very big change in the Indonesian cement business environment. The economy experienced a slowdown in growth thus reducing the amount of cement demand significantly. The era of intense competition with the addition of players in the cement industry has made the business run even more difficult. To overcome this, in 2015 PT. Semen Indonesia formed the "Semen Indonesia Center of The CHAMPS (SICC)" which is a forum to bridge the existing competency gap with those needed to survive in a competitive market.

b. 2016
2016 was a very tough year for PT. Semen Indonesia in the last 15 years in the Indonesian cement industry. Economic growth is very limited, new players are starting to produce, cement imports are flooding the market, cement supply is flooding the market and selling prices are under pressure from competition. In 2016 the Board of Directors implemented the transformation of human capital management as a determinant of success in competition and as a driving force for business transformation in anticipation of surviving in the competition.

c. 2017
In 2017, economic conditions began to move in a positive direction, increasing by 0.04% compared to 2016. The European region of Japan and China were still experiencing economic pressures, thus restraining the rate of growth. The condition of the Indonesian cement market is still relatively low and pressure on selling prices continues. In 2017 the Board of Directors adopted a policy to develop a capable system and organizational structure as well as the availability of highly competent human resources in order to survive in facing the dynamics of challenging business conditions.

d. 2018
In 2018, oversupply cement market conditions and tough competition continued. PT. Semen Indonesia managed to increase its cement sales volume by 1.2% to 27.4 million tons, and dominate the national cement market with a market share of 39.4%. In 2018, the results of organizational transformation, business processes and the management of human resources as human capital, began to be seen from the company's more agile in targeting the market accurately and more efficiently, as well as being able to identify new growth opportunities in the future.

e. 2019
In 2019 the demand for cement decreased sharply so that PT. Semen Indonesia experienced excess supply. The general election in April 2019, made business actors take an attitude of waiting for the results of the election process in preparing new project initiations. The role of human resources, which has been aligned with the company's business strategy, has enabled the company to remain strong in facing the tough challenges in the Indonesian cement industry in 2019.

Based on the research that has been done, the implementation of disclosure of human capital reporting at PT. Semen Indonesia in its 2015-2019 annual report has had a certain pattern in accordance with formal and non-formal requirements but:

a. Implementation of disclosure of human capital reporting at PT. Semen Indonesia in its 2015-2019 annual report has had a
Conclusions and Suggestions of Research Results and Discussion

Conclusion

disclosure pattern in accordance with the formal provisions of Financial Services Authority Regulation Number 29/POJK.04/2016 (Financial Services Authority, 2016a) and Financial Services Authority Circular Letter Number 30/SEOJK.04/ 2016 (Financial Services Authority, 2016b) but not fully implemented because the disclosure tends to be qualitative in the form of policies and types of programs but not yet quantitatively related to costs

b. Implementation of disclosure of human capital reporting at PT. Semen Indonesia has also carried out a voluntary non-formal 2015-2019 annual report for the period 2015-2019. This voluntary disclosure is not yet in the form of a human capital reporting disclosure matrix, so it cannot be said to be equivalent to the disclosure of other capital information.

c. Implementation of disclosure of human capital reporting at PT. Semen Indonesia in its 2015-2019 annual report has not directly applied a measurable matrix that is in line with other capital disclosures which are the minimum requirements for the Chartered Institute of Personnel and Development (CIPD).

d. Implementation of disclosure of human capital reporting at PT. Semen Indonesia in its 2015-2019 annual report has followed the disclosure pattern in the Global Reporting Initiative (GRI) but the quantitative indicators have not been fully implemented.

e. Implementation of disclosure of human capital reporting at PT. Semen Indonesia in its annual report for the 2015-2019 period has followed the disclosure pattern in human capital reporting ISO 30414 but is still not equipped with a reporting matrix.

Based on the results of research and discussion on "Implementation of Human Capital Reporting Disclosures in Creating Company Value at PT. Semen Indonesia" can be concluded as follows:

a. Mandatory disclosure has a provision for formal disclosure of the form and content of the annual report but has not fully disclosed the costs associated with labor practices, occupational health and safety.

b. Voluntary disclosure with disclosure guidelines, corporate social responsibility, intellectual capital, chartered institute of personnel and development (CIPD), global reporting initiative (GRI-G4) and International Standard Organization (ISO) 30414 only implemented the disclosure components but not yet express their achievements in the form of scores or ratios of achievement indicators

c. The principles of HRM, HRA and HCP have been implemented in the human capital reporting of PT. Semen Indonesia but not completely because it has not used the value and ratio of its implementation achievements

d. In general, it can be concluded that the disclosure of human capital reporting that is in line with the principles of HRM, HRA and HCM can create company value even though it only implements the disclosure pattern without the use of costs, metrics and indicators of achievement.

Suggestion

Based on the research that has been done, the suggestions that can be conveyed in this research are as follows:

a. Disclosure of human capital reporting in the annual report has begun to be demanded by stakeholders to be able to understand the company as a whole. It is very important for companies to implement the disclosure of human capital reporting along with indicators of achievement assessment.

b. The use of the mix method is proposed to be carried out in further research in order to obtain more complete qualitative and quantitative research results on the
implementation of human capital reporting in value creation.
c. The background and motivation for not disclosing the full human capital reporting along with its achievement indicators can be the object of further research.

References


