

**ACCOUNTING RECOGNATION SYSTEM IN HUMAN RESOURCE IN PT
RADIO SWARAGAMA YOGYAKARTA**

A BACHELOR DEGREE THESIS

**Submitted as partial fulfillment of the requirements to obtain the
Bachelor Degree in accounting Department**



By
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INTERNATIONAL PROGRAM
FACULTY OF ECONOMY
ISLAMIC UNIVERSITY OF INDONESIA
YOGYAKARTA**

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Defended Before the Board of Examiners

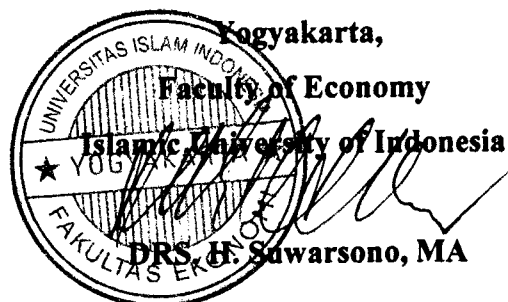
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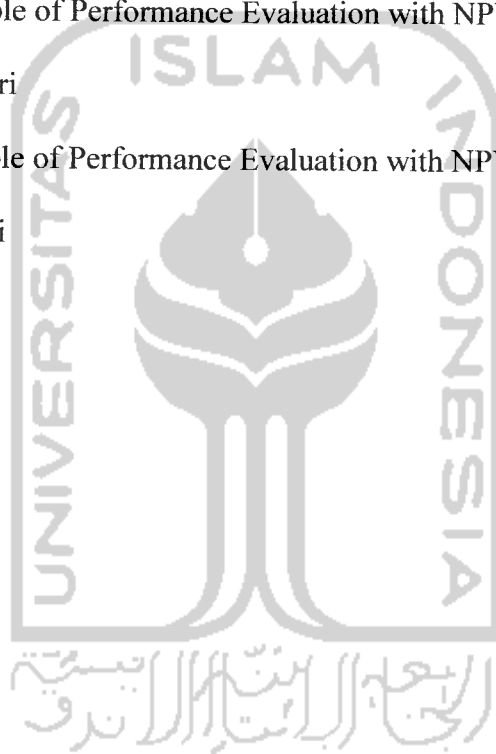
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ABSTRAK

Sulistiorini, Herdita. (2005). Accounting Recognition System in Human Resource in PT Radio Swaragama Yogyakarta. Yogyakarta: Department of Accounting. International Program. Economic Faculty Islamic University of Indonesia.

Dalam Lingkungan bisnis yang kompetitif, mengukur kinerja perusahaan hanya berdasarkan ukuran keuangan konvensional semata tidak lagi memadai, karena terdapat beberapa faktor lain yang berhubungan dengan kinerja perusahaan.

Sumber Daya Manusia adalah salah satu modal utama dalam usaha, untuk menentukan keberhasilan sebuah usaha. Namun sumber Daya Manusia dalam hal ini bukan dilihat dari kuantitas, tetapi lebih dilihat dari kualitas Sumber Daya Manusia. Sumber Daya Manusia merupakan sumberdaya takberwujud. Namun dengan memberikan bekal berupa training dan sejenisnya perusahaan dapat menjadikan Sumber Daya Manusia sebagai aset yang juga akan memberikan keuntungan pada perusahaan dimasa yang akan datang.

Dengan adanya Sumber Daya Manusia yang berkualitas maka keuntungan perusahaan akan semakin besar, dan perusahaan akan mencapai tujuan yang telah ditetapkan. Namun untuk mendapatkan Sumber Daya Manusia yang berkualitas, tentu saja Perusahaan harus memberikan bekal yang cukup, sehingga aset perusahaan juga akan semakin meningkat.

ABSTRACT

Sulistiorini, Herdita. (2005). Accounting Recognition System in Human Resource in PT Radio Swaragama Yogyakarta. Yogyakarta: Department of Accounting. International Program. Economic Faculty Islamic University of Indonesia.

In competitive Business environment, measuring the activity of a business only based conventional monetary measurement is no longer appropriate, because, there are factors connected with the business activity.

Human Resource is one of the main capitals in a business to measure the success of a business. But Human Resource here not only seen in quantity, but it also seen in the quality of the Human Resource. Human Resource include in intangible resource. But, by giving more supply for them, such as training, company can include their Human resource as asset that will give more profit to the business in the future.

Good quality of Human Resource will give bigger profit and of course the company will achieve their objective. But to get good quality of Human Resource, of course company have to sacrifice some amount in order to organize training, so the asset of the company will be increase.

**ACCOUNTING RECOGNATION SYSTEM IN HUMAN RESOURCE IN
PT RADIO SWARAGAMA YOGYAKARTA**

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CHAPTER I

INTRODUCTION

1.1. Background

Nowadays, human resource has become more important for all kind of business and organization. It seems that human resources become a basic need for small or big organization, private or government organization, and profit or non profit oriented organization as well. These organizations try to rebuild themselves with the human resource. In the world full of competition, competitive spirit become very important, so it needs people to adapt with the environment. Nevertheless an adaptive organization or business will survive.

Basically, the resources in organization or business can be divided into two categories; **Human Resource and Non Human Resource**. Human resource is one of the resource in an organization or business, contain with people who do the activity. According to Payaman J Simanjuntak (1995) Human Resource have two definitions:¹

1. Work or services done in production process, reflecting quality of work given in a certain time to produce goods or services.
2. Human who work to give services, reflecting quantity, amount of people who work in a company.

¹ Wijaya Tunggal, Amin, DRS. Ak MBA, **Akuntansi Sumberdaya Manusia PT Rineka Cipta**, Jakarta 1995

Non Human resources contain of resources on capital, technology, tools, materials, etc. From these resources, human resource is the most important one. In order to find out how good the technology, information, and capital are gives, business will not have a good performance with out the present of human resources.

The aim of cost accounting is to provide quantitative monetary information of certain business for the user of financial report, especially owner, creditor, and the decision maker. The financial report user needs information about the asset of the business, while asset of human resource usually does not mention it. Human Resource accounting needs to be developed in order to anticipate the business competition.

Accounting activity relating with cost or human resource value is known as **“Human Resource Accounting”**. According to Matheus et al (1996) Human Resource Accounting is “ identification process and data measurement about human resource, and how to communicate it to the user”.²

From the definition above, there are three understanding about Human Resource Accounting:

1. Human Resource value identification.
2. Cost measurement and human value in business.

² Lako, Andreas, **“AKUNTANSI SUMBERDAYA MANUSIA PENGAKUAN DAN PELAPORAN SUMBERDAYA MANUSIA SEBAGAI ASSET DALAM LAPORAN KUANGAN”**, Jurnal Akuntansi Keuangan dan Management, STIE YKPN Yogyakarta, Agustus 1995.

3. Investigation of cognitive result behavior as consequences of human resource information.

The elements of human resource consist of capabilities, attitudes, values, needs, and the demographic characteristic. The element of human resource is affected by the environment, culture, education, and opportunity. Therefore In order to have a good human resource, a company must try to arrange a lot of activity, such as training, course, seminar, etc. These activities are related with the effectiveness of employee in order to do the job based on the standard. Training and course in a certain time is very important, because training and course can determine the human resource's ability in order to get acceptability as an asset according to the conventional concept and the measurement method which is reliable to the human resource as asset.

Nowadays human resource is not stated as an asset and it is not reported as an invest item in the financial report. Therefore should be an acknowledgement of human resource as asset in a business, therefore will can be distributed a good information in financial report.

The subject of this observation is one of the radio station in Yogyakarta, Swaragama FM Radio. Swaragama FM Radio is a radio station. The competitions in radio business, especially in Yogyakarta implement the company to give more knowledge, ability, and experience to create human capital. More human capital enter the company, and some cost is spend by the company to do the recruitment, hiring , and development , so it will be

better to post the expense as asset according to each definition. If human is stated as an investment, such as investment in building, equipment, etc, so training is a factor to advance the amount of asset in investment. Until now accounting method and the theory does not treat human or investment of a man as asset. Now with the increasing of capital need, human should be treated as asset. This field is called **Human Resource Accounting**.

Human Resource Accounting is one of the subjects in managerial accounting or cost. Since 1960 board has developed a research to build accounting method for human asset in organization. This research gave bigger acknowledgment that human asset, and human capital give a big part in economic. Even though human resource has been develop since 1960 and brought up attention in 1970-1980, there are still lots of polemic, especially in various training to increase the value of human resource related with the financial report user in good information.

But Swaragama in human recourse accounting treatment has not post the credit for human resource in asset. They still post it as expense, according to conventional accounting. The research is conducted to examine the **“ACCOUNTING RECOGNITION SYSTEM IN HUMAN RESOURCES of PT RADIO SWARAGAMA FM JOGJA”**.

1.2. Problem Identification

Based on the description above PT Radio Swaragama still uses conventional accounting, where human is posted as expense, and it means that every expense directly will erase periodically. So it will affect the profit and loss, and balance sheet. It will not reflect the reality, because the profit reported is too low. The distortions of balance sheet appear because total asset does not post in investment of the business. So it will make a bad analysis related with decision making.

1.3. Problem Formulation

Based on the above explanation, the research questions are stated as follows:

1. How the company applies for transaction related with human resources expenditures?
2. How can human resources accounting treatment be used to improve human resources performance evaluation?

1.4. Problem Limitation

1. Field reservation in PT Radio Swaragama to get an objective and relevant data.

2. Human resource treatment from accounting point of view, how to post human resource as asset.
3. The human resource observe specialized on Manager, employee, fulltime employee, and part timer.
4. Measurement method of human resource As asset used in this thesis is based on historical acquisition – cost method.

1.5. Research Objective

1. To analyze how the company should apply for transaction related with human resources expenditures.
2. To analyze how human resources accounting treatment can be used to improve human resources performance evaluation.

1.6. Research Contribution

1. Contribute knowledge to the employee, especially to the accounting and administration department about the importance of Human Resource Accounting.

2. Basic in decision making in accounting if they want to implement human resource accounting in financial report, so it will be close to the reality, and relevant in decision making.

1.7. Research Method

There are some data use to get some information about the company, whether the company apply the Human Resource Accounting or not.

1.7.1. Similar Data

This thesis needs real data, in the content of general data, and special data.

a. General data:

1. History of the company
2. Organizational structure
3. Job description

b. Special data:

1. The consolidate profit and lost statement.
2. Consolidated Balance sheet.
3. Cost related with Human Resource

1.7.2. Data collection method

How to get the data in order to full fill the observation of this thesis, the researcher use some methods :

1. Straight interview with the company.

2. Straight observation in company to get clear description.

1.7.3. Data Analysis

1. Qualitative analysis, to get qualitative data, makes a group of data, describe the research, and make a qualitative conclusion.
2. Quantitative analysis, calculate data (number) as the guide of decision making. Lako (1995) mentioned three method in measuring Human resource in business :

- a. Cost Based Method
- b. Value Based Method
- c. Combination of no.1 and no. 2 method.

This observation using cost based method as a monetary method, because in monetary measurement estimator trace the cost expense. To measure human resource is necessary identification component based on realization cost expense. The Steps in measuring Human resource based on cost are :

1. Measuring original value.

Original value and historical cost is the value brought by a person at the first time he entered a business. Original value related with education and certain ability. The cost arise:

- a. Wage and Salary
- b. Medical cost
- c. Other cost paid to human resource worked in business.

2. Measuring human asset cost. Human asset is the expense of economic resource to do the recruitment, certain formal education, and other cost to arise human resource quality. The cost arise :

- a. Acquisition cost: cost to do the recruitment.
- b. Development cost: cost in training and human resource advance, and other supporting cost in training.
- c. Out of pocket cost: cash expense.

1.8. Organization Of The Paper

CHAPTER I : INTRODUCTION

In the introduction section the researcher discuss the background of the problem, problem formulation, problem limitation, objectives of the research, and organization of the research.

CHAPTER II : THEORETICAL REVIEW

Theoretical review section contains the discussion of theory related with the research problem, including theory of the objective in financial report, definition of human resource accounting, advantage of human resource accounting, human resource measurement, and other cost to develop human resource.

CHAPTER III : RESEARCH METHOD

CHAPTER III : RESEARCH METHOD

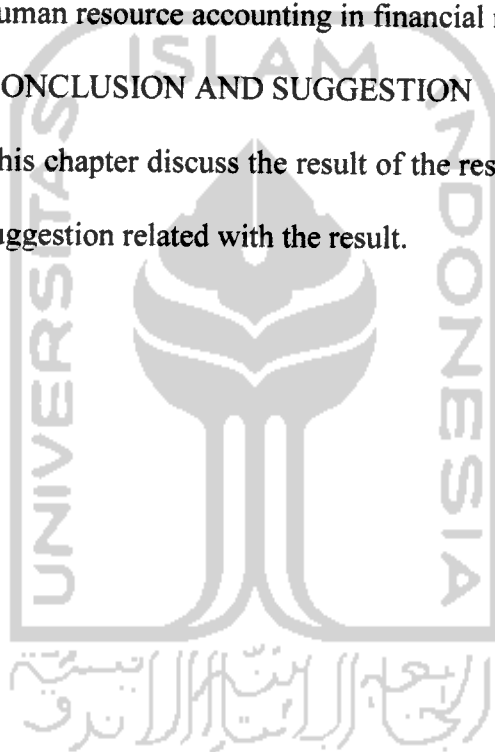
The research method is an explanation about the company, job description, human resource treatment financial report and data of human resource.

CHAPTER IV : DATA ANALYSIS

Data analysis is about a company, and the prospect to implement human resource accounting in financial report.

CHAPTER V : CONCLUSION AND SUGGESTION

This chapter discuss the result of the research entirely and present suggestion related with the result.



CHAPTER II

THEORITICAL REVIEW

2.1. HUMAN RESOURCE ACCOUNTING

2.1.1. The Importance of Human Resource Accounting in Organization and Business

Human resource in an organization can be seen in a certain perspective. According to SP Siagan, there are six perspectives about the importance on Human resource, and those are:³

1. Political Perspective

Human resource focus on human resource as the important asset in an organization and business. No matter how good the non human resource are, human resource play an important rule, without good quality of human resources support, everything will be nothing.

2. Economical Perspective

Organization or business will get more information about human resource without seeing other relationship with other dimension. In reality human seen as one of the production factor which produce good and services by economic unit. Human will not be similar with other production factor, because human are superior and determine.

³ Lako, Andreas, “**AKUNTANSI SUMBERDAYA MANUSIA PENGAKUAN DAN PELAPORAN SUMBERDAYA MANUSIA SEBAGAI ASSET DALAM LAPORAN KUANGAN**”, Jurnal Akuntansi Keuangan dan Management, STIE YKPN Yogyakarta, Agustus 1995.

3. Law Perspective

In organization or business stated a lot of rule and agreement which arrange right and obligation in both side with members and employees. the equality needs to realize and advance.

4. Socio cultural Perspective

There are two reasons based on this perspective, first one things straightly line with human level and status that can't be measure in material, because men work not only for physical needs, but also for socio psychological needs.

5. Administration Perspective

Nowadays, human role are getting important. Every human advance and success in every prospect can be reach through organization. This depending force human to work together and be organized.

6. Technological Perspective

The importance of Human Resource can not be rid of many advance and development of science and technology. The impact can be positive or negative. The positive impact is the upgrading of efficiency, effectiveness, and productivity. The Negative impact is replacement of human resource to machines, which cause unemployment.

Those perspectives shows us that human resource is a movement of human resource guaranty as a special resource, which need to develop so it can give maximum contribution to the business or organization, and them self.

2.1.2. Objectives of Human Asset Report

The purpose of cost accounting is to distribute information for the investor, including the ignorable asset, human asset. Investor will be lucky if they know about the changing of human asset in an accounting period.

According to FASB, the objective of financial report are :⁴

- To prepare useful information for investor, creditor as a foundation of decision making of investment, credit, and other decision.
- Prepare information for investor and creditor to evaluate amount, time an uncertainty perspective of cash flow of dividend, and revenue from selling, debt, and other, because investor's and creditor's cash flow related to business treasury.
- Prepare information of economic resources for the other party, owners equity, and the effect of transaction, situation which chance economic resource,

Those three objectives seem to point on physical economic resource, but it related to objectives of human asset report, it ia closely related.

Conventional accounting treat human resource cost as expense, weather according to the characteristic, this kind of cost is one of the human capital formation. Accounting treatment related with cost of value of human resource called Human Resource Accounting. The objective is to treat cost of training, and services as long term investment on human resource in financial accounting.

⁴ Lako, Andreas, "AKUNTANSI SUMBERDAYA MANUSIA PENGAKUAN DAN PELAPORAN SUMBERDAYA MANUSIA SEBAGAI ASSET DALAM LAPORAN KUANGAN", Jurnal Akuntansi Keuangan dan Management, STIE YKPN Yogyakarta, Agustus 1995.

Accounting treatment related with cost of value of human resource called Human Resource Accounting. The objective is to treat cost of training, and services as long term investment on human resource in financial accounting.

2.1.2.1 The Meaning of Human Resource Accounting

Human resource accounting play a good role at human resources, high Quality employee, well trained, and loyal to the process of income achievement, and the total of companies asset.

There are some definition of Human Resource accounting submitted by the economic expert.⁵

- In 1973 the AAA's Committee on Human Resource accounting define Human Resource Accounting as : The process of identifying and measuring data about human resources and communicating this information to interested parties (AAA, 1973, p. 169).
- In 1978 WIA (Work Institute in America) define Human Research Accounting as : The development of the development of a theoretical perspective explaining the nature and determinants of the value of people to formal organization; the development of valid and reliable method for measuring the cost and value of people to organization; and the design of operational system; to implement the proposed measurement methods.(p.2)

The WIA (1978) stated the functional objectives of HRA are :⁶

1. To furnish cost value information for making management

^{5,6} Mathew, MR and Parera MHB "Accounting theory development ", Thrid Edition, an International Thompson PublishingCo, Melborne, 1996

objectives.

2. To allow managerial personnel to effectively monitor the use of human resource.
3. To provide a determination of asset control, example whether asset are conserved, depleted or appreciated.
4. To aid in the development of management principle s by clarifying the financial consequences of various practice. (p.2)

2.2. FUNCTION OF HUMAN RESOURCE ACCOUNTING

Since 1960, a number of researcher have found that management, investors, and public in general can all benefit from the use of Human Resource Information, and it was considered to be a valuable management tools.⁷

Flamholtz (1975) identified 3 major functions of HRA as a management tool :

- An information function, to provide information to managers about the cost and value of a personnel to an organization.
- A paradigm function, provide a manager with a way of thinking about the management of people as valuable organizational resource.
- A Catalyst function, all human expenditures are expensed as incurred, without any future benefit resulting from those expenditures, and no calculations are made regarding the value of human resources.

⁷ Mathew, MR and Parera MHB “Accounting theory development “, Thrid Edition, an International Thompson PublishingCo, Melborne, 1996

Dawson (1988) has suggested that HRA has provided a framework to make the personnel manager's investment argument compatible and consistent with that other manager.

Gall (1988) pointed out that accounting for cost and effectiveness are the only two methods human resource professionals have to evaluate their performance. Management is seeking more ways to relate the performance of human resources to the accomplishment of business objectives and strategies.

2.3. RECORDING HUMAN RESOURCE AS ASSET

According to Flamholtz, there are three main criteria for recognizing an asset :⁸

1. Future service potential
2. Measurable in monetary term
3. Subject to the ownership or 'control' of accounting entity.

2.4.BENEFITS OF HUMAN RESOURCE ACCOUNTING

There are two benefits of human resource accounting; to supply human resource information, and the benefit of application human resource accounting.

⁸ Mathew, MR and Parera MHB "Accounting theory development ", Thrid Edition, an International Thompson PublishingCo, Melborne, 1996

2.4.1. Objective of Human Asset Report

Information of human resource give benefits for intern and extern community:

1. Intern community

Contain of general and specific benefits

a. General benefits

1. Human resource plan, human resource plan in a process of fulfilling human resource need in an organization. The importance thing is choosing the right program in human resource in human resource financing.
2. Human resource allocating, process to allocate employee in many department in an organization.
3. Human resource konceravasion, process to allocating employee in many department, and it need to be done because there are some problem related with human degradation which is happen because of :
 - Technological improvement, is it fix with the expectation of new job or not
 - The resign probability of employee.
4. Human resource compensation, defined compensation as money given by organization to the employee, its related with the rule of employees wage and salary.

2. Extern community

- a. With human resource information, government can give the tax rule by analyzing the factor of employee in an organization.
- b. As a government factor in giving the credit or investment in a business.
- c. Human resource accounting information needed by investor to Predict the business ability to raise gain.

2.5.HUMAN RESOURCE AS ASSET

To determine is human resource can be state as an asset or not, there are some criteria to fulfill in “ Statement of Finance Accounting Concept No. 5. Those criteria defined as measurable, relevant, and reliability.

2.5.11 Asset Definition

To be stated as one of asset in financial statement, human resource has to fullfill some definition of asset. Definition of asset include of three criteria:

2.5.1.1 Potential Economic Benefit

Human resource has potential benefit in the future. It's because the longer a human work in a business they will get more experience. This potential benefit will grow if there is human resource development.

The thought which says that human resource only gives benefit in the existence days, therefore it doesn't need to be capitalized; of course the thought is

not completely right because human resource has a very potential benefit event though in some point it will decrease.

2.5.1.2 OWNERSHIP AND HUMAN RESOURCE CONTROL

The second asset characteristic which is controlled by a particular entity has become the most debatable thing. If it is connected with the status of human resource owning and controlling, it is different from another asset which is already clear. The point which arises a problem is that human resource is not owned by a particular company, so it doesn't fulfill the asset criterion.

Physically, the company doesn't own the employees absolutely. It means that later on the company cannot avoid the employees' movement to another company. But to be categorized as an asset, a human resource doesn't have to be owned physically. The company can concede the human resource as their asset if they have the right to give benefit which is achieved by that human resource itself.

2.5.1.3 PAST TRANSACTION EFFECT

Asset not only embraces the benefit which arise in the future that uncontrolled from the unity of business. But the criteria is not necessary if economic benefits really exist and controled by the business, so the benefit have to arise from the transaction or past event.

2.5.2. MEASURABLE

According to financial accounting standard, an item owned can be quantify in

to monetary unit with high reliability if the item fulfill some measurable criteria.

In FASB Statement of Financial Accounting Concept No. 5 (1985) assigned five attributes which obtain to measure the economic resource.

1. Historical cost
2. Existence cost
3. Market Cost
4. Market value
5. Existence cost flow to the future cash

The attention here, is how big is the benefit of human resource in the future or how long as the growth of program have future benefit, so the existing cost for growth of program can be capitalized.

2.5.3. RELEVANCY

The relevant information of cost accounting redound the economic decision

where the information is used. The aim is to help choosing the method of report and measurement. According to FASB relevant information is an information which have ability to make difference decision by investor, creditor, and other decision maker. The information has to have three main trait, those are prediction, turn value, and right on time, so the human resource capitalization have relevancy for decision making by the management or external party.

2.5.4. RELIABILITY

Reliability is the characteristic to make the information accounting use for decision making. According to FASB accounting information have reliability if the information can describe the presented the exact, and neutral situation. A lot of business concede human resource as one of the asset, but didn't state it in financial report because there are no objective measurement,

2.6. PROBLEM ASSOCIATED WITH HUMAN RESOURCE ACCOUNTING

There are problems associated with human resource accounting in applying Human Resource Accounting activity.

First, There is the fundamental question of whether human resource and whether they meet the criteria for recognition as asset. The question can be answered only by reference to Statement of Accounting Concept SAC 4, "Definition and Recognition of The Element of Financial Statement".

Second, there is a question of the usefulness of this information to investor. A number of laboratory experiments have been undertaken in efforts to discover the effect of human resource accounting on investors decision making behavior.

Third, an important question in evaluating any information system is whether the value of the information produced by the system justifies the cost incurred to obtain the information.

Forth, there is the question of whether the data derived from existing human resource accounting system is reliable.

2.7. CONFESSION OF HUMAN RESOURCE AS ASSET

Asset according to FASB , Statement of Financial Accounting Concept (SFAC) No. 6 1985 is Probable future economic benefit obtain or controlled by particular entity as a result of past transactions or events.

The characteristic of Asset :

1. Have benefit in the future to produce potential service to make money.
2. The benefit can be use and control by other entity.
3. The controlling benefit acquire because of past transaction.

In economic concept human resource concede as asset because human resource have potential production factor which can give benefit and advantage in the future. But accounting principle observed from ownership aspect. In other aspect conventional accounting concede long term leasing in agreement. “ Sale and lease back “ as asset. If it so, human resource can be stated as asset.

There are two reasons in treating human resource as asset in business financial report :”

1. Investor need information to apprise a business.
2. Human investment completed criteria to be treated as asset.

⁹ Wijaya Tunggal, Amin Drs, AKT, MBA, **Akuntansu'i Sumber Daya Manusia**, Harvindo, 1994

From those characteristic, human resource can be categorize as asset, especially intangible asset. Because human as human resource have similar characteristic with intangible asset.

Characteristic of intangible asset and the relation with human as human resource :

- 1 Potential investment in human is invisible.
2. There are uncertainty estimation of future benefit.
3. It is an advance of exclusive process by a company.
4. Can not be separated with company's asset.

Intangible asset assumed have residual value , which is beneficial that remain after all benefit identified on other asset.

2.8. MEASURING AND RECORDING HUMAN RESOURCE

Difficulty in the reliable measurement of human resource investment have been one of the greatest obstacles to the introduction of human resource accounting. There are five mine methods purpose:¹⁰

- **Historical Cost**

The historical cost method is seen by advocates of human resource accounting as the most rudimentary method, and merely a first step in creating a complete information system incorporating an entity's human resource. The

¹⁰ Scott handerson, graham peirson, “ **Issues in Financial Accounting** “, 6th Edition, Lomngman Cheshire.

historical cost capitalized the cost of acquiring and developing human resource which are expected to provide future economic benefit. This cost will include direct outlays and salary allocation incurred in recruiting selecting, hiring, training, familiarizing, and developing an entity's employees. After the cost have been capitalized, they will be amortized over the expected useful life of asset.

The historical approach, how ever has its difficulties. These include the usual problems of measuring historical cost, such as identifying cost to be capitalized, and determining the expected useful life of asset, so that an appropriate amortization schedule can be calculated.

- **Current Cost**

An alternative method is to measure an entity's human resource at their current cost, that is, at the estimated cost, which would be necessary today to replace the entity's employee. Current cost will take into account the affect of factors such as changes in salary level, and changes requirements for post-employment training. Current cost of an entity's human resources is the cost of recruiting, hiring, training, and developing replacement employees in the same level of proficiency and familiarity with the entity and its operation as present employee.

Current cost data are probably more useful for managerial decision than the information provided by the historical cost system.

- **Opportunity Cost**

In some instances, the current cost of an entity's human resource is irrelevant because employees will not be replaced if they cease their employment

with the entity. In order to overcome the deficiencies of current cost in such cases, it has been suggested that human resource should be measured at their opportunity cost. The use of this concept in human resource accounting is made difficult by the absence of an open market for the people.

- **Present Value of Future Wages and Salary**

This method involves calculating the present value of wages and salaries expected to be paid to employee during their 'life' with the entity. There are a number of problems associated with this approach. The first is the choice of an appropriate discount rate for calculating the present value of future wages and salaries of the entity's employee. The second is the problem of estimating the stream of future wages and salary payment to be paid to the employee.

- **Value**

The above value concentrate on measuring, in one way or another, the cost of entity human resource. An alternative is to measure the economic value of an entity's future earnings attributable to its human resource. The most direct approach is to ascertaining economic value involves forecasting future earning, discounting them to determine the firm's future value, and allocating a portion to human resources based on their relative contribution.

2.9. TRAINING

Training is usually conducted when employees have skill deficit or when an organization changes a system and need to learn new skill. And rather than focus on individuals learning skills, maybe teams of employee can learn from each other.

As the opening vignette suggest, successful organization and manager realize that people are a key resource in maintaining competitive advantage.

The training process brings with a number of question that managers must answer. These are:¹¹

1. Is training the solution?
2. Are the goals of training clear and realistic?
3. Is Training a good investment?
4. Will the training work?

2.9.1 Is Training The Solution?

A fundamental objective of training is the elimination or improvement or performance problem. However, not all performance problems call for training. Performance deficits can have several causes, many of which are beyond the worker's control and would therefore be affected by training.

2.9.2 Are the Goals Clear and Realistic?

To be successful, training program must have clear statement and realistic

¹¹ Mejia, Balkin, Cardy, **Managing Human Resource**, an international edition.

goal. These goal will guide the program content and determine the criteria by which is effectiveness will be judge.

In contrast, the company's training may be to provide employees with a broader understanding of an organization.

2.9.3 Is Training A Good Investment?

Training can be expensive. The cost of training program, there are cost associated with analyzing and evaluating the programs effectiveness. In some case, training maybe appropriate but not cost effective. Before beginning a training program, managers must weigh the cost of current problems against the cost training to eliminate it.

2.9.4 Will The Training Work?

There are many types of training program in widespread use. Some are computerized and other use simulation, and other still use traditional lecture format. Beyond the type of training and its content, a number of contextual issues can determine a training program effectiveness.

There company's training investment is substantially greater than that made by orders in the industry.

Finally training will not work unless it is related with organizational goals. A well designed training program flows the company's strategic goals.

CHAPTER III

BUSINESS DESCRIPTION

3.1 THE HISTORICAL BACKGROUND

Radio Swaragama FM Yogyakarta was officially on air on 27th of February 2000, as PT RADIO SWARA GADJAH MADA.

It has been run by creative, dynamic, and modern human resource. Swaragama FM developed in the middle of rapid movement in information media. As a new trend setter, Swaragama FM gives contribution of hard work to give information and entertainment needed by the listener (Akademia Jogja). Swaragama FM also brings new innovation of information technology to establish interactive internet site, and live streaming broadcast, also speaks with daily language, uses specific style, and deliver relevant and objective news, as well as give satisfaction to enjoy the digital music sound.

Under the title of SWARAGAMA FM JOGJA-The Soundtrack of Your Life, on air in 24 hour non-stop, Swaragama is ready to be the business partner and affective media promotion with market target of student, fresh graduate, and young executive. Good and credible service, sharp execution, total solution of on air and off air, and the support of on line administration be the working ethic to satisfy the business and listener environment.

3.2 LOCATION, ECONOMIC PERSPECTIVE TO CHOOSE THE LOCATION AND HUMAN RESOURCE

3.2.1 Location

Swaragama FM Jogja located at 2 different location for marketing and on air studio. The Marketing office located on Bulak Sumur H5 Jogja, and the on air studio located at 4th floor of Graha Pantja Dharma Sekip UGM. With the strategic location, Swaragama try to reach academic listener, from Gajahmada University and others.

3.2.2 Human Resource

Majority, the employee of the radio are university student, not only from Gajahmada University, but also from other university in Jogja, accept for administration and manager. There are some high school graduated with special skill, and also bachelor degree from various university.

Human resource is the most important resource in a radio station. That's why, Radio Swaragama always choose the best resource in recruiting the employee, and also give some training and experience for the employee in their job description.

From the first time, Radio Swara Gadjah Mada apply level of career. So it will be a good opportunity for each employee to work harder and do the best for the business. A lot of high level positions occupied right now are handling by employees who work from lower level, with their effort and good job they can get

a better position. And of course their ability can be separated with the training did by the company to increase their knowledge in broadcasting, marketing, and administration.

3.3 ORGANIZATIONAL STRUCTUR

As a profit oriented business, Swaragama have an organizational structure as

Guide for the internal and external parties.

The highest decision maker owned by RUPS (Share Holder Annual Meeting), than the Board of Director.

There is a Director who directly lead and observe, also give the command to the position under.

Marketing manager have the obligation as a marketer of the business, selling program, sponsorship, and other duty to make money in the business, and the marketing manager helped by staff marketing and public relation to make the job easily.

Program director have obligation to make the program on air, make new improvement, observe the announcer, and have a duty of making good performance of the announcer, so the program will get more listener, and capable to be promote by the marketing to other party. Program director helped by:

1. Assistant Program Director, which directly running the program and do the training to new announcer, but also supervise by Program director.

Assistant Program director directly responsible to observed the job done by : Producer Program, and announcer.

2. New Coordinator, which directly lead and run the news program, and also responsible to the work of reporter and script writer.
3. Music Director, which responsible to the flow of the music played in the radio, choosing the right genre, and makes a good relationship with the label.
4. Creative, responsible to make radio commercial bring by the marketing, and also responsible to the marketing in making the commercial on aired right on time.

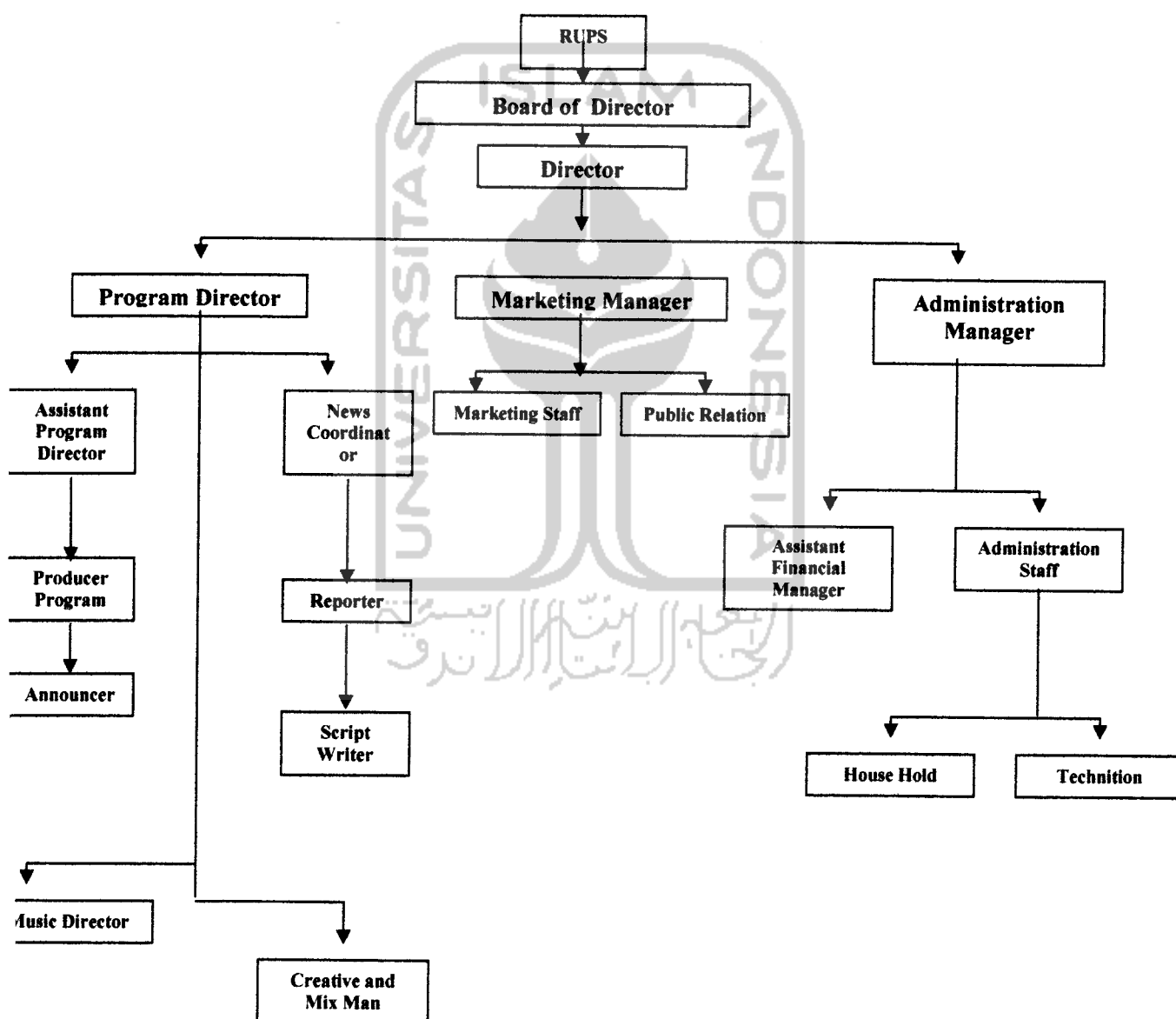
The Administration Manager responsible to the external parties about the data collecting of debt of external parties, and about the document of the employee, such as contract. Make a good correspondent with the external party, and observe the job done by assistant financial manager . Administration manager helped by :

1. Assistant Financial Manager, responsible for the cash flow, payment of debt, salary and wages.
2. House Hold, responsible for the house hold terms in Swaragama, about the supply, and the convenience of the employee.
3. Technician, responsible for the technical performance of on air and off air program, about the hardware, computers, and other technical instrument.
4. Administration staff, directly help administration manager to do the commercial trafficking.

4. Administration staff, directly help administration manager to do the commercial trafficking.

Here is the organizational structure of PT Radio Swara Gadjah Mada:

Table 3.1
Organizational Structure of PT Radio Swaragama Fm Yogyakarta



3.4 JOB DISCRPTION

The following job description of each Department and staff in Radio Swara Gadjah Mada Jogjakarta.

3.4.1 Production Department

Program Director :

- Make a new concept of on air program in Swaragama, without leaving the Segmentation, psychographic, and other strategic factor identical with Radio Swaragama.
- Evaluate and develop the announcing pattern, in regular or weekly program, and also special program. Moreover, it also make the pattern of special program.
- Mapping the potential of human resource ability (announcer) in doing the regular, weekly, and special program announcement.
- Give some guideline in music formatting to Music Director.
- Make a good coordination with each department to build a good announcing synergy.
- Innovate the work of news department for the alternative legal income for the business,
- Run the human resource to produce news program, non entertainment talk show, and be responsible with the announcing quality.

Assistant Program Director :

- Build the radio image in and outside the environment.

- Help the Program Director to supervise the development and the need of human resource.
- Help the Program Director to supervise and the need of announcing program.
- Help the Program Director to do the occasionally survey of on-air program and human resource. And also give the report at the end of the month to the Program Director.
- Observe the program intensively, about the competitors program as a program comparison of on air program in Radio Swaragama.
- Help The Program Director to make a new program.
- Recap the monthly on air absence for special (commercial) program.
- Help Program Director to recruiting production crew (open or close) include the mechanism, training, and data collection.

Music Director :

- Be responsible to the radio music formatting, and program music formatting, with the coordination of Program Director.
- Be responsible to the on air music, from the play list supply until music checking after on air.
- Make weekly music chart, monthly, and annually (if needed).
- Make a good relationship with the label.

Script Writer :

- Be responsible to supply the news material for every program in entertainment way.

Creative :

- Be responsible for making spot, jingle, id's, and teaser for internal and external parties.
- Help the creative production process.
- Accelerate the on air and production process.

Program Producer :

- Be responsible in a program, including on air quality, material, until and compose exclusive member under the guidance of Assistant Program Director, and Program Director.
- Give the report of program to the Assistant Program Director and Program Director, so it can also be reported to other party who buy the program as a blocking program. If possible, the program can be sold to other party in order to make cash.

Announcer / DJ :

- Be responsible to do the on air program, and build the radio image in and outside the environment.
- Make a good performance in announcing the program, such as special or regular program.
- Help Assistant Program Director to give idea about new program.

3.4.2 Marketing Department

Marketing Manager :

- Organize promotion team work, to reach the goal of commercial income, evaluate the team and have the power to give a warning to the member of the team.
- Make communication strategy of marketing, and services in customer oriented way.
- Make materials and build brand promotion activity through corporate event, cross commercial barter with news paper, television, outdoor media, social activity, and other promotion activity,
- Make market and listener research.
- Collect data about the competitors growth and other independent research about radio industry.

Marketing and Public Relation :

- Do the commercial marketing in Radio Swaragama to get the commercial income target, and make a good coordination of each division to get the best goals.
- Do the Public Relation activity and prepare the off air activity for Radio Swaragama.
- Make a communication marketing strategy, and services in customer oriented way.

- Make materials and build brand promotion activity through corporate event, cross commercial barter with news paper, television, outdoor media, social activity, and other promotion activity.
- Prepare some material for special over, monitoring, company profile, and news letter.
- Make market and listener research and collecting some information about the development of radio industry in marketing data base.

3.4.3 Administration Department

Administration Manager :

- Be responsible in household operational of the company.
- Be responsible in material related with human resource.
- Help the other parties, who wants to corporate with Radio SwaraGama beside the marketing activity.

Finance :

- Accounting and financing
- Prepare monthly and annually financial report for finance and tax.
- Control the debt collecting.
- Do the working procedure.

Administration Staff:

- Note every commercial data and the schedule according to the agreement of marketing, until the commercial cost collecting problem.
- Make documentation of all publication media in SwaraGama, such as photo, newspaper commercial, poster.

- Good stock taking.
- Other activity related with SwaraGama's administrative.

Technicians :

- Take care the computer system including the network and hardware.
- Do the installation of electrical instrument or electronic tools.
- Be responsible in technical problem, and operational tools.
- Be responsible for technique installation and other activity outside the studio.
- Do the working procedure.

House Hold :

- Responsible to take care the orderly and cleanliness of office and studio.
- Help the working operational administration if needed.

3.5 TRAINING and EMPLOYEES DEVELOPMENT

There are some training and education by the company in order to advance employee's knowledge. Not only for the formal education, but also the non formal education. Every new employee get their training program, and after they pass the training they will be sign a contract to be the formal employee of the company,

3.5.1 Announcer

After a new announcer is recruited, they have to follow a training program

for at least three month, in order to enlarge their knowledge about announcing, program, and also tools in on air program.

After signing a contract to be an announcer, if they are chosen, the company will send them to follow some training to enlarge their others knowledge, such public relation, and other in a training centre for a certain time.

3.5.2 Marketing

There is a program called Marketing Visit, it's a visit to other radio, and also visiting big agencies, to promote the radio, and also to sale a program to the agency. It is also to make a good relationship with the agencies.

3.5.3 Music Director

There is also a program called Music Director visit to other radio, and also visiting label in Jakarta to promote the Radio, and discuss about music with other music director. In order to make a good relationship with other Music Director, and Record Label.

3.5.4 Radio Visit

The program by Program Director or the assistant is, to learn about other radio, how they make a radio program, how to manage a program, in order to get better position in AC Nielson polling, and also to get more listener.

3.5.5 Other Visit

It is some kind if visit, such as learning a bout a big event with have a relation with music, and how to manage the event. Example: concert, and music festival.

3.6. HUMAN RESOURCE DATA

3.6.1. Quantity of Employee

There are four classification of employee in Radio Swaragama, first classification is director, , second is manager, third is assistant manager, and staff. Each classification has different class of work and salary too.

There are twenty six employees working and doing their job and obligation to build Radio SwaraGama, in order to get good performance in radio Industry, and they are:

Level Director	: 3 person
Level Manager	:3 person (Marketing, Program, and Administration)
Level Assistant Manager	: 3 Person (2 person for Program, and finance)
Level Staff	: 17 Person (Announcer, PR, Marketing staff, administration, technician, house hold .

3.7. The Financial Statement

3.7.1. Profit and Loss Statement

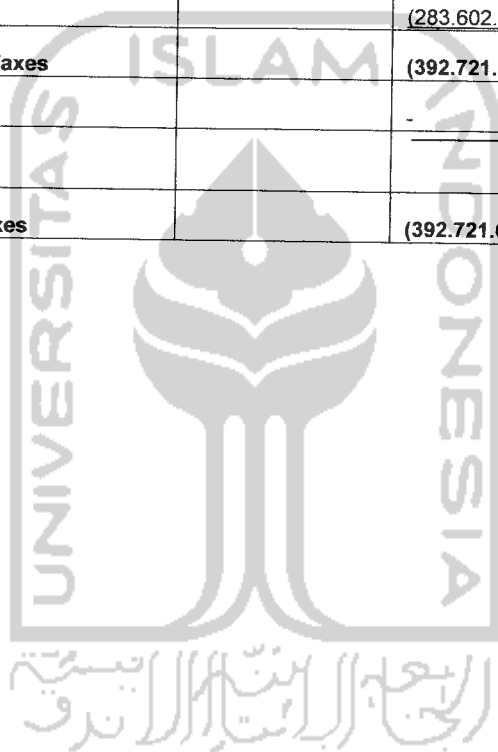
Table 3.2

Profit and Loss Statement 2003-2004

PROFIT (LOSS) STATEMEN*
PT RADIO SWARAGAMA JOGJA FM
 Period of Year of 2003 and 2004

	Year of 2003	Year of 2004
Revenues		
Advertisements	371.685.000	748.487.886
Other Revenues	26.836.700	90.820.897
Gross Revenues	398.521.700,00	839.308.783,00
Discount of Revenues		
Advertisement Contract Cancelling	-	-
Discount of Revenues	(18.104.500)	(74.181.750)
Total Revenues	380.417.200,00	765.127.033,00
Costs		
Administration & General Costs	5.748.960,00	8.536.705,00
Salary and Wages Costs	197.103.772,73	240.502.950,00
Rent Costs	967.600,00	883.500,00
Transportation Costs	2.883.800,00	33.642.250,00
Durable Costs	16.157.012,00	18.831.737,00
Promotion Costs	66.885.662,00	121.167.325,00
Telephone, Water & Electrical Costs	52.793.686,00	67.141.254,00
Depreciation Costs of Meubel & Office Equipments	74.453.119,44	76.857.744,44
Depreciation Costs of Studio Equipments	51.160.463,10	45.603.596,43
Renovation & Replacement Costs of Assets	5.759.575,00	12.567.300,00
Human Resources Development Costs	2.050.000,00	-
Tax Costs of PPh 21	4.741.234,00	5.011.000,00
Account Receivable Loss		

	-		20.944.000,00	
Other Costs	8.831.830,00		6.468.320,00	
Total Business Costs		489.536.714,27		658.157.681,87
Business Profit (Loss)		(109.119.514,27)		106.969.351,13
Revenues and Costs Outside of Business				
Interest and Giro Revenues	910.644,50		898.610,33	
Bank Administration Costs	(551.103,54)		(733.839,35)	
Interest Costs	(283.961.690,0000)		(8.480.729,17)	
		(283.602.149,04)		(8.315.958,19)
Profit (Loss) Before Taxes		(392.721.663,31)		98.653.392,94
Tax Costs		-		(199.947.371,00)
Profit (Loss) After Taxes		(392.721.663,31)		(101.293.978,06)



3.7.2. Balance Sheet

Table 3.3

Balance Sheet 2003-2004

BALANCE SHEET
PT RADIO SWARAGAMA JOGJA FM
Per 31 December 2003 – 2004

	Year of 2003	Year of 2004
ASSETS		
Current Assets	216.852.600	351.500.000
Cash	31.402.600	55.550.000
Bank	55.450.000	95.950.000
Account Receivables	130.000.000	200.000.000
Fixed Assets	209.355.971	167.484.777
Meubel & Office Equipments	198.541.652	198.541.652
(Acum. Depreciation of Meubel & Office Equipments)	74.453.119	99.270.826
Book Value of Meubel & Office Equipments	124.088.532	99.270.826
Studio Equipments	136.427.902	136.427.902
(Acum. Depreciation of Studio Equipments)	51.160.463	68.213.951
Book Value of Studio Equipments	85.267.439	68.213.951
TOTAL ASSETS	426.208.571	518.984.777
Liabilities		
Liabilities	340.000.000	255.000.000
Current Liabilities	-	-
Long Term Liabilities	340.000.000	255.000.000
Equity	86.208.571	263.984.777
TOTAL LIABILITIES	426.208.571	518.984.777

Problem Identification

The accounting system on PT Radio Swaragama FM Jogja tend include some constraint, that is accounting system doesn't record toward cash outlays for human resource. In practice, cash outlays related to company's human resource stated as expenditure and it will be calculated on profit loss statement. That will cause a distortion on valuation of expenditure, asset, profit loss statement and balance sheet of company, that are :

- The company's expenditure will tend to be higher because expenditure of human resource that stated as expenditure.
- The company's profit will tend to be lower, because there's an increasing of expenditure from human resource expenditure.
- The asset will be valued lower, because human resource development doesn't stated as company's asset.

Based on financial report on year of 2003 and 2004 that created by management of PT Radio Swaragama FM Jogja, its distortion as described above can illustrated as follows :

On year 2003, on expenditure section known that there is a human resource expenditure component that is Rp 2.050.000,00. Based on HRA that expenditure should calculated as asset and it will be stated on balance sheet. Beside that, on year 2003 there is the other expenditure as Rp 8.831.830,00. According to interview result conducted with accountant, that other expenditure

include human resource component expenditure on generating training for staffs as Rp 1.140.000,00.

While on year 2004, on expenditure section there is the other expenditure as Rp 6.648.320,00. According to interview result conducted with accountant, that the other expenditure include human resource component in generating close recruitment for new staffs as Rp 1.432.550,00.

In order to make improvement on HRA on PT Radio Swaragama FM Jogja, management can use two methods on HRA, as follows:

- Historical Cost of human resource, to state some expenditure in order to get and develop new staffs, like recruitment, selection hiring, and placement.
- Current Cost of Human Resource, to state all expenditures that will occur in order to replace human resources that have been employed.

CHAPTER IV

DATA ANALYSIS

4.1. Data Description

The human resources on PT Radio Swaragama Yogyakarta has been an urgent problem. This is caused on it's capacity as a services company, human resources will be one of the factor that influenced business. So, the management of PT Radio Swaragama Yogyakarta have given enough attention to keep and increase performance and quality of all staffs on company.

On daily practices, activities that occur on company can be classified into three kind of main activities: **production activities, marketing activities and administration activities**. The production activities include all activities that handle broadcasting production, regularly or incidentil broadcasting. While the marketing activities include all activities that sell products that available on radio, like looking for sponsorship for on air/ off air events. The administration activities include all activities that conducted to handle office administration as a whole.

In relation to financial report, so far accounting staff has stated all expenditures, including expenditures related with human resources as cost components and stated on profit/ loss statement. As a description can, a

financial report format used on PT Radio Swaragama Yogyakarta for year 2003 and 2004, can be shown as follows:

Table 4.1.

The Profit/ Loss Statement Year of 2003 - 2004

	Year 2003		Year 2004	
Revenue				
Advertisement	371,685,000		748,487,886	
Other Revenue	26,836,700		90,820,897	
Gross Revenue		398,521,700.00		839,308,783.00
Revenue Discount				
Advertisement Contract Cancelling	-		-	
Revenue Discount	(18,104,500)		(74,181,750)	
Total Revenue		380,417,200.00		765,127,033.00
Cost				
Administration & General Cost	5,748,960.00		8,536,705.00	
Salary and Wages Cost	197,103,772.73		240,502,950.00	
Rent Cost	967,600.00		883,500.00	
Transportation Cost	2,883,800.00		33,642,250.00	
Durable Cost	16,157,012.00		18,831,737.00	
Promotion Cost	66,885,662.00		121,167,325.00	
Telephon, Water and Electric Cost	52,793,686.00		67,141,254.00	
Meubel and Office Equipment Depr.	74,453,119.44		76,857,744.44	
Studio Equipment Depr.	51,160,463.10		45,603,596.43	
Renovation & Rep.Fixed Asset	5,759,575.00		12,567,300.00	
Human Resources Cost	2,050,000.00		-	
Cost of PPh 21	4,741,234.00		5,011,000.00	
Account Receivable Loss	-		20,944,000.00	
Other Cost	8,831,830.00		6,468,320.00	
Total Business Cost		489,536,714.27		658,157,681.87
Profit/ Loss of Business		(109,119,514.27)		106,969,351.13
Revenue and Loss Outside of Business				
Interest and Giro Revenue	910,644.50		898,610.33	
Bank Administration Cost	(551,103.54)		(733,839.35)	
Interest Cost	(283,961,690.0000)		(8,480,729.17)	

		(283,602,149.04)		(8,315,958.19)
Profit/ Loss Before Tax		(392,721,663.31)		98,653,392.94
Tax Cost		-		(199,947,371.00)
Profit/ Loss After Tax		(392,721,663.31)		(101,293,978.06)

Sources: Company Data, Year of 2003 - 2004



Table 4.2.
Balance Sheet of 31 December Year of 2003 – 2004

	Year 2003	Year 2004
ASSET		
Current Asset	216,852,600	351,500,000
Cash	31,402,600	55,550,000
Bank	55,450,000	95,950,000
Account Receivable	130,000,000	200,000,000
Fixed Asset	209,355,971	167,484,777
Meubel & Office Equipment	198,541,652	198,541,652
(Acc.of Meubel & Office Equipment Depr)	74,453,119	99,270,826
Book Value of Meubel & Office Equipment	124,088,532	99,270,826
Studio Equipment	136,427,902	136,427,902
(Acc.of Studio Equipment Depr)	51,160,463	68,213,951
Book Value of Studio Equipment	85,267,439	68,213,951
TOTAL ASSET	426,208,571	518,984,777
Liabilities		
Liabilities	340,000,000	255,000,000
Current Liabilities	-	-
Long Term Debt	340,000,000	255,000,000
Equity	86,208,571	263,984,777
TOTAL LIABILITIES	426,208,571	518,984,777

Sources: Company Data, Year of 2003 – 2004

Table 4.1. and 4.2 explain a scheme that is used by PT Radio Swaragama Yogyakarta management to state expenditures that is related with human resources development on company. Based on profit/ loss statement year of 2003 and 2004, it is known that there are salary and wages account and human resources account to handle expenditures related with human resources on

company, as regular expenditures such as salary and wages or incidental expenditures such as recruitment new staffs and training of staffs.

4.2. The Effort of Management To Increase Staff Performance

In order to increase the staff performance and work quality result, management of PT Radio Swaragama Yogyakarta have conducted some program about human resources development. The program of human resources development is training.

The training is a continuous system about developing all staffs on organizations. This means that training addressed to all management levels, include supervisor and non supervisor and it is conducted to all skills, knowledge and attitude that needed in practices.

Besides that training and human resources development also defined as all efforts in order to increase work result of staffs now or next time by add staff's ability with learning, usually by change staff's attitude or add skill and knowledge.

The method used on training in PT Radio Swaragama Yogyakarta, has three kinds, that are:

1. *Apprentice Training*

In this method, a new staff placed supervised by an old staff's that is more experienced. That an old staff will teach about how implementation job to a new staff.

2. *On The Job Training*

This training conducted by placing the new staff to get his/ her job, but he/ she will be supported by an experienced old staff's that more experienced.

3. *Off The Job Training* (Training di luar tempat kerja)

This training conducted outside of company activities, that are on certain location that available to do that training. On this training, a new staff has no pressure on work place, so he/ she can be concentrate toward learning experience.

The target of training are:

1. Decrease total cost on operation level
2. Resulted new staff that skillfull, so it will be more suitable with staff's work standard that has been stated by company
3. Decrease loss that caused by damage/ waste materials
4. Decrease staff movement
5. Decrease rate of staff's absence

On training and human resources development, some activities have been directed to get efficiency, effectively and work productivity. The efficiency is to get the same result with lower cost. The effectively directed

in order to training and human resources development can push a better result with the same cost. While, the productivity is to get better result with lower cost. So, it can be understood that increase productivity, it also mean that to increase efficiency and effectively on same time or can also be understood that to increase productivity is more identical than doing more with more little cost.

4.3. Application for Transaction Related With Human Resources Expenditures

4.3.1. Recognition of Human Resources Expenditures as Company Asset

Asset can be defined as probable future economic benefits obtained or controlled by a particular entity as a result of past transactions or events. Besides that asset can be understood as a resources controlled by enterprise as a result of past events and from which future economic benefits are expected to flow to the enterprise (Suwardjono, 2005: 252).

The increasing of staff's quality by some education and training schemes have been a necessary that must be conducted by company management. According to definition above, it is true that all activities related with human resources development will result increasing on staff's skill and it will create human capital. On its growth, human capital will increase along to value of investment that done by company management toward human resources development activities.

On this context, all expenditures addressed to human resources development should be capitalized as asset, not calculated as cost. If human resources development expenditures is calculated as cost, it will decrease profit and it has a potency to create misinterpretation on company performance analysis. Though if company management invest on human resources development, the company will get a benefit the next time along to increase staff's skill.

Practices on PT Radio Swaragama Yogyakarta, expenditures that related with human resources development activities can be calculated as asset. Some expenditure that often realized on PT Radio Swaragama Yogyakarta, include:

- new staff recruitment cost
- training and development cost for staff

4.3.2. Recognition of Human Resources Expenditures as Expense

Expense has two characteristics that make it differ with asset, that are (Suwardjono, 2005: 400):

- a. outflow of assets, gross decreases in assets, decreases in economic benefits, using up of assets, consumption of assets, use of economic services, expired cost, applicable cost to current period
- b. it is caused by activities that create ongoing major operations, profit directed activities, for the purpose of generating revenue, creation of revenues, earning activities.

According to definition above, it is true that all activities related with human resources expenditures that occur on a period and related with ongoing major operations can be recognized as expense.

Practices on PT Radio Swaragama Yogyakarta, there are some expenditures that related with human resources occur on a period and related with ongoing major operations can be recognized as expense. Some expenditures that often realized on PT Radio Swaragama Yogyakarta, include:

- salary and wages of staffs
- health subsidy for staffs

After dividing the human resource expense and asset, there will be changes in Profit/Lost Statement and Balance Sheet

Table 4.3
PROFIT (LOSS) STATEMENT (Before HRA)
PT RADIO SWARAGAMA JOGJA FM
Period of Year of 2003 and 2004

	Year 2003		Year 2004	
Revenue				
Advertisement	371,685,000		748,487,886	
Other Revenue	<u>26,836,700</u>		<u>90,820,897</u>	
Gross Revenue		398,521,700.00		839,308,783.00
Revenue Discount				
Advertisement Contract Cancelling	-		-	
Revenue Discount	<u>(18,104,500)</u>		<u>(74,181,750)</u>	
Total Revenue		380,417,200.00		765,127,033.00
Cost				
Administration & General Cost	5,748,960.00		8,536,705.00	
Salary and Wages Cost	197,103,772.73		240,502,950.00	
Rent Cost	967,600.00		883,500.00	
Transportation Cost	2,883,800.00		33,642,250.00	
Durable Cost	16,157,012.00		18,831,737.00	
Promotion Cost	66,885,662.00		121,167,325.00	
Telephon, Water and Electric Cost	52,793,686.00		67,141,254.00	
Meubel and Office Equipment Depr.	74,453,119.44		76,857,744.44	
Studio Equipment Depr.	51,160,463.10		45,603,596.43	
Renovation & Rep.Fixed Asset	5,759,575.00		12,567,300.00	
Human Resources Cost	2,050,000.00		-	
Cost of PPh 21	4,741,234.00		5,011,000.00	
Account Receivable Loss	-		20,944,000.00	
Other Cost	<u>8,831,830.00</u>		<u>6,468,320.00</u>	
Total Business Cost		<u>489,536,714.27</u>		<u>658,157,681.87</u>
Profit/ Loss of Business		<u>(109,119,514.27)</u>		<u>106,969,351.13</u>
Revenue and Loss Outside of Business				
Interest and Giro Revenue	910,644.50		898,610.33	
Bank Administration Cost	(551,103.54)		(733,839.35)	
Interest Cost	<u>(283,961,690.0000)</u>		<u>(8,480,729.17)</u>	
		<u>(283,602,149.04)</u>		<u>(8,315,958.19)</u>
Profit/ Loss Before Tax		<u>(392,721,663.31)</u>		<u>98,653,392.94</u>
Tax Cost		-		<u>(199,947,371.00)</u>

Profit/ Loss After Tax		(392,721,663.31)	(101,293,978.06)
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Table 4.4

PROFIT (LOSS) STATEMENT (after HRA)
PT RADIO SWARAGAMA JOGJA FM
 Period of Year of 2003 and 2004

	Year of 2003		Year of 2004	
Revenues				
Advertisements	371.685.000		748.487.886	
Other Revenues	<u>26.836.700</u>		<u>90.820.897</u>	
Gross Revenues		398.521.700,00		839.308.783,00
Discount of Revenues				
Advertisement Contract Cancelling	-		-	
Discount of Revenues	(18.104.500)		(74.181.750)	
Total Revenues		380.417.200,00		765.127.033,00
Costs				
Administration & General Costs	5.748.960,00		8.536.705,00	
Salary and Wages Costs	197.103.772,73		240.502.950,00	
Rent Costs	967.600,00		883.500,00	
Transportation Costs	2.883.800,00		33.642.250,00	
Durable Costs	16.157.012,00		18.831.737,00	
Promotion Costs	66.885.662,00		121.167.325,00	
Telephone, Water & Electrical Costs	52.793.686,00		67.141.254,00	
Depreciation Costs of Meubel & Office Equipments	74.453.119,44		76.857.744,44	
Depreciation Costs of Studio Equipments	51.160.463,10		45.603.596,43	
Amortication Costs of HR Investments	410.000,00		410.000,00	
Renovation & Replacement Costs of Assets	5.759.575,00		12.567.300,00	
Tax Costs of PPh 21	4.741.234,00		5.011.000,00	
Account Receivable Loss	-		20.944.000,00	
Other Costs	<u>7.691.830,00</u>		<u>6.468.320,00</u>	
Total Business Costs		<u>486.756.714,27</u>		<u>658.567.681,87</u>
Business Profit (Loss)		(106.339.514,27)		106.559.351,13
Revenues and Costs Outside of Business				
Interest and Giro Revenues	910.644,50		898.610,33	

Bank Administration Costs	(551.103,54)		(733.839,35)	
Interest Costs	(283.961.690.0000)		(8.480.729,17)	
		(283.602.149,04)		(8.315.958,19)
Profit (Loss) Before Taxes		(389.941.663,31)		98.243.392,94
Tax Costs		-		(199.947.371,00)
Profit (Loss) After Taxes		(389.941.663,31)		(101.703.978,06)

There is different profit (loss) after tax before and after applying Human Resource Accounting. Its because before HRA applied human resource cost stated as expenditure, and some of other asset tend to be part of human resource asset. After applying HRA, profit (loss) after tax increase as **Rp 2.780.000,00** in 2003 from **Rp 392,721,663.31** into **Rp 389.941.663,31**. Human resource cost do not state in profit/lost statement, and other cost in 2003 decrease as Rp 1.140.000,00 as expense of generating training for staffs and moved to increase human resource asset.

And other cost in 2004 decrease as Rp 1.432.550,00 because it is include in human resource component in generating close recruitment for new staffs. So the profit/statement increase as **Rp 410.000,00** from Rp **101,293,978.06** into Rp **101.703.978,06**.

Table 4.5
BALANCE SHEET (before HRA)
PT RADIO SWARAGAMA JOGJA FM
Per 31 December 2003 - 2004

	Year of 2003	Year of 2004
ASSETS		
Current Assets	216.852.600	351.500.000
Cash	31.402.600	55.550.000
Bank	55.450.000	95.950.000
Account Receivables	130.000.000	200.000.000
Fixed Assets	209.355.971	167.484.777
Meubel & Office Equipments	198.541.652	198.541.652
(Acum.Depreciation of Meubel & Office Equipments)	74.453.119	99.270.826
Book Value of Meubel & Office Equipments	124.088.532	99.270.826
Studio Equipments	136.427.902	136.427.902
(Acum.Depreciation of Studio Equipments)	51.160.463	68.213.951
Book Value of Studio Equipments	85.267.439	68.213.951
TOTAL ASSETS	426.208.571	518.984.777
Liabilities		
Liabilities	340.000.000	255.000.000
Current Liabilities	-	-
Long Term Liabilities	340.000.000	255.000.000
Equity	86.208.571	263.984.777
TOTAL LIABILITIES	426.208.571	518.984.777

Table 4.6
BALANCE SHEET (after HRA)
PT RADIO SWARAGAMA JOGJA FM
Per 31 December 2003 - 2004

	Year of 2003	Year of 2004
ASSETS		
Current Assets	216.852.600	351.500.000
Cash	31.402.600	55.550.000
Bank	55.450.000	95.950.000
Account Receivables	130.000.000	200.000.000
Fixed Assets	211.875.971	170.807.327
Human Resources Investment	3.150.000	4.582.550
(Acum.Amortication of HR Investment)	630.000	1.260.000
Book Value of Human Resources Investment	2.520.000	3.322.550
Meubel & Office Equipments	198.541.652	198.541.652
(Acum.Depreciation of Meubel & Office Equipments)	74.453.119	99.270.826
Book Value of Meubel & Office Equipments	124.088.532	99.270.826
Studio Equipments	136.427.902	136.427.902
(Acum.Depreciation of Studio Equipments)	51.160.483	68.213.951
Book Value of Studio Equipments	85.267.439	68.213.951
TOTAL ASSETS	428.728.571	522.307.327
Liabilities		
Liabilities	340.000.000	255.000.000
Current Liabilities	-	-
Long Term Liabilities	340.000.000	255.000.000
Equity	88.728.571	267.307.327
TOTAL LIABILITIES	428.728.571	522.307.327

As seen in balance sheet, there are different total asset and total passive before and after applying HRA.

By the year 2003, Total Asset and Total Passiva Rp 426.208.571,00 and Human resource investment didn't state there. But after applying HRA, Total Asset and Total Passiva change as Rp 2.520.000,00 into Rp 428.728.571,00 by applying Human Resource investment as Rp 3.150.000,00 into asset as fixed asset.

By the year 2004, Total Asset and Total Passiva Rp 518.984.777,00 and human resource investment didn't state there. But after applying HRA, Total Asset and Total Passiva change as Rp 3.322.550,00 into Rp 522.307.327 by applying Human Resource investment as Rp 4.582.550,00 into asset as fixed asset.

4.4. Human Resources Accounting For Evaluation of Staff Performance

Evaluation of staff performance has been necessary to be conducted by company management. This is caused on principally human resources as company asset that be should given value addition for company more than compensation from company to staff. On human resources accounting, value addition from staff to company can be a reason to take a decision; weather a staff should be employed or misemployed.

Human resources accounting calculate staff performance based on work productivity suitable with section and responsibilities for each staffs proportionally. On this context, human resources accounting will help provide some data's to measure all activities related with human resources

expenditures, like value of expenditures for a staff such as salary or wages, facilities for a staff, subsidy for a staff and bonus for a staff. That expenditures will be matched with total revenue resulted by a staff. Comparison between expenditures for a staff and benefit for company will be a main part of performance evaluation.

On the contrary if management do not use human resources accounting as a base to measure a staff performance evaluation, it has a potency for mistakes on performance evaluation because there is a diffraction on performance measurements. Without human resources accounting, management will has a difficulty to calculate all human resources expenditures, though it will be useful for be matched with total revenue that resulted on a period.

As illustration, it can be shown some examples as follows:

PT Radio Swaragama management wants to evaluate performance of 3 marketing staffs on company. On their capacity as marketing staff, parameter used to asses their productivity is sum of clients for fixed sponsor that will advertise their products via Radio Swaragama Yogyakarta regularly for 1 month. For 2004, performance of each staffs Acil, Rini and Heri show result that different, as follows:

Table 4.7¹²
Comparison of Marketing Staff Performance
Year 2004

	Acil	Heri	Rini
Total Contract	75.000.000	45.600.000	85.000.000
Sum of Client	25	20	32
Contract Average/Client	3.000.000	2.280.000	2.656.250
Cost for Staff			
Salary for a month	1.000.000	1.000.000	1.000.000
Marketing Bonuss			
Bonuss percentage	2%	2%	2%
Total contract a month	6.250.000	3.800.000	7.083.333
Bonuss	125.000	76.000	141.667
Off Air Bonuss	250.000	250.000	250.000
Staffs Training	1.350.000	1.600.000	1.850.000
Recruitment Cost	200.000	200.000	200.000
Health Subsidy	1.000.000	1.000.000	1.000.000
Transportation Subsidy	50.000	50.000	50.000
Total Cost for Staff / a Month	1.637.500	1.609.333	1.695.833
Total Cost for Staff / a Year	18.165.000	18.409.120	18.667.000
Benefit for Company			
Companany income (for a year)	75.000.000	45.600.000	85.000.000
Company income (for a month)	6.250.000	3.800.000	7.083.333
Variance of Benefit and Cost	4.612.500	2.190.667	5.387.500

¹² Jogiyanto Hartono, Analisis dan Desain Sistem Informasi Akuntansi, Andi Yogyakarta offset, th 1999.

Based on that data's, evaluation toward Acil, Heri and Rini can be conducted by NPV (Net Present Value) method and Profitability Index (PI) method, as follows :

Table 4.8
Performance Evaluation with NPV and PI for Acil

Month	Cash Inflow Projection	DF (1%)	Present Value Cash Inflow
1	4.612.500	0,990	2.317.839
2	4.612.500	0,980	2.329.545
3	4.612.500	0,971	2.340.183
4	4.612.500	0,961	2.352.116
5	4.612.500	0,951	2.364.172
6	4.612.500	0,942	2.375.129
7	4.612.500	0,933	2.386.187
8	4.612.500	0,923	2.398.596
9	4.612.500	0,914	2.409.875
10	4.612.500	0,905	2.421.260
11	4.612.500	0,896	2.432.753
12	4.612.500	0,887	2.444.356
<i>Total PV Cash Inflow</i>			28.572.011
<i>Initial Outlay</i>			18.165.000
<i>NPV</i>			10.407.011
<i>Profitability Index (PI)</i>			1,573

Table 4.9
Performance Evaluation with NPV and PI for Heri

Month	Cash Inflow Projection	DF (1%)	Present Value Cash Inflow
1	2.190.667	0,990	1.100.838
2	2.190.667	0,980	1.106.397
3	2.190.667	0,971	1.111.449
4	2.190.667	0,961	1.117.117
5	2.190.667	0,951	1.122.843
6	2.190.667	0,942	1.128.047
7	2.190.667	0,933	1.133.299
8	2.190.667	0,923	1.139.192
9	2.190.667	0,914	1.144.549
10	2.190.667	0,905	1.149.956
11	2.190.667	0,896	1.155.415
12	2.190.667	0,887	1.160.926
Total PV Cash Inflow			13.570.028
Initial Outlay			18.409.120
NPV			(4.839.092)
Profitability Index (PI)			0,737

Table 4.10

Performance Evaluation with NPV and PI for Rini

Month	Cash Inflow Projection	DF (1%)	Present Value Cash Inflow
1	5.387.500	0,990	2.707.286
2	5.387.500	0,980	2.720.960
3	5.387.500	0,971	2.733.384
4	5.387.500	0,961	2.747.323
5	5.387.500	0,951	2.761.404
6	5.387.500	0,942	2.774.202
7	5.387.500	0,933	2.787.118
8	5.387.500	0,923	2.801.612
9	5.387.500	0,914	2.814.786
10	5.387.500	0,905	2.828.084
11	5.387.500	0,896	2.841.508
12	5.387.500	0,887	2.855.061
<i>Total PV Cash Inflow</i>			33.372.729
<i>Initial Outlay</i>			18.667.000
<i>NPV</i>			14.705.729
<i>Profitability Index (PI)</i>			1,788

Based on that evaluation with NPV and PI, it can be concluded that staff Acil and Rini has performance relatively good and make a profit for company. This show by positif value on NPV of Aciel and Rini, that are Rp 10.407.011 and Rp 14.705.729 While PI show value > 1 , that are 1,573 and 1,788. According to examination standard with NPV and PI that an human resources investment will be concluded good if his/ her productivity has a positif NPV value and PI value > 1 . Heri show performance that doesn't good enough and relatively doesn't make a profit for company. This is showed by negative NPV value as Rp 4.839.092 and PI value < 1 ,

that is 0,737. After knowing the result, Swaragama can make a decision about those three employees, Acil, and Rini can get a good performance, while Heri can get fired or more training to do, and encourage him to do better job.

By applying evaluation performance, Swaragama get some advantages that will help the company to select and measure the performance of the employees.

By comparing the Profit/Loss statement and Balance Sheet before and after HRA can be conclude the advantages and weakness in doing the HRA:

Advantages :

- The company's expenditure will tend to be lower because expenditure of human resource that stated as asset.
- The company's profit will tend to be higher, because there's an increasing of asset from human resource investment.
- The asset will be valued higher, because human resource development stated as company's asset.
- The company knows exactly how much money they spent for human resource investment time to time.
- The company can measure the performance of an employee, to evaluate them annually.

Disadvantages :

- The company should be more accurate about the data, so it will takes time to post which is human resource expense and investment.
- There will be amortization of human resource investment realized on balance sheet.
- Not an easy task to make decision if there is an employee which have bad performance, but they're not finishing their contract.

Human resources accounting can be implemented on PT Radio Swaragama Yogyakarta and it will give some profit for all company's stakeholder, include management and investor. For management implementation human resources accounting has some function, such as:

- An information function, to provide information to managers about the cost and value of a personnel to an organization. It will be useful for management to evaluate staffs performance.
- A paradigm function, provide a manager with a way of thinking about the management of people as valuable organizational resource. It will help management to measure all activities that contribute to increasing staff performance and calculate it as investment to add company asset. According to Flamholtz opinion, expenditures for human resources development can asses as asset because it has three main criteria for recognizing an asset, that are :
 - a. The expenditure will create future service potential
 - b. The expenditure can be measured in monetary term
 - c. The expenditure is part of accounting entity.
- A Catalyst function, all human expenditures are expensed as incurred, with out any future benefit resulting from those expenditures, and no calculations are made regarding the value of human resources.

While for investor, purpose of cost accounting is to distribute information for the investor, including the ignorable asset, human asset. Investor will be lucky if they know about the changing of human asset in an accounting period. On practices, implementation human resources accounting on PT Radio Swaragama Yogyakarta will help management :

- To prepare useful information for investor, creditor as a foundation of decision making of investment, credit, and other decision. On this contex, information about cost include cost related human resources will give a description about company fundamental.
- Prepare information for investor and creditor to evaluate amount, time an uncertainty perspective of cash flow of dividend, and revenue from selling, debt, and other, because investor's and creditor's cash flow related to business treasury. Investor and creditor need a certainty about continuous cash flow related with revenue and cost scheme that made by management.
- Prepare information of economic resources for the other party, owners equity, and the effect of transaction, situation which chance economic resource. Investor and creditor will asses company fundamental not just based on financial aspects, but it will be developed to other aspects that potentially will influence all company operational, like staff satisfaction.

CHAPTER V

CONCLUSION AND SUGGESTION

5.1. Conclusion

Based on the research, the result about implementation of human resources accounting on PT Radio Swaragama Yogyakarta, can be concluded as follows:

1. Practices on PT Radio Swaragama Yogyakarta, expenditures related with human resources development activities can be calculated as asset. While some expenditures related with human resources that occur on a period and related with ongoing major operations can be recognized as expense. Some expenditures that is often realized on PT Radio Swaragama Yogyakarta, including expenditures for new staff recruitment and training and development for staff should be recognized as asset, while expenditures for salary or wages of staffs and health subsidy for staffs should be recognized as expense. It can be seen in page 38-43, there are comparison between implementing HRA and before implementing HRA. Changes happen on the result.
2. Human resources accounting can be use to improve human resources performance evaluation. Human resources accounting calculate staff performance based on work productivity suitable with section and responsibilities for each staffs proportionally. Human resources accounting calculate staff performance based on work productivity suitable with section and responsibilities for each staffs proportionally. On this context,

human resources accounting will help provide some data that needed to measure all activities related with human resources expenditures, like value of expenditures for a staff such as salary or wages, facilities for a staff, subsidy for a staff and bonus for a staff. That expenditures will be matched with total revenue that resulted by a staff. Comparison between expenditures for a staff and benefit for company will be a main part of performance evaluation. It can be seen on page 44-47. There are comparison between 3 employees in Marketing.

5.3. Weakness

In this research, mentioned that Swaragama should apply Human Resource Evaluation to each employee. Of course it will determine which employee have good or bad performance, and make a decision about it. But also by using this method, it will be time consuming to make the report, and report it to the interested users, which called as Timeliness, which require that accounting report include up to date information, reports received late or report that include outdated information can lead to unwise decisions.

5.3. Suggestion

Based on above research conclusion, so researcher can give some suggestion, as follows:

1. Implementation human resources accounting in company should be used to support management control system, especially related with human resources controlling. Post all amount related with HRA separately from the expense for the Human Resource.
2. Human resources as main components that will move company activities should be handled carefully by make an orientation to staff satisfaction in order to create increasing on staff performance. Annually, all employees must have their own evaluation to measure their performance. So the company will know which employee that have good and bad performance after some training are taken.



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