

## The Application of Human Resource Accounting on the Financial Performance of Insurance Companies in Indonesia 2022-2023

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**ABSTRACT:** This study analyzes how insurance companies in Indonesia treat their human resources as assets and their effect on financial performance when the costs incurred are disclosed as assets in the financial statements. This research uses the secondary data of insurance companies listed on the Indonesia stock exchange in 2022-2023 and uses an experimental method with a one-group pretest-posttest design approach. The steps carried out are to simulate applying human resource accounting to the company's financial statements and to compare its financial performance by calculating and statistically testing the financial ratios of return on assets, assets turnover, and profit margin. The study found that insurance companies in Indonesia still apply conventional methods in their financial statements. Using human resource accounting increases the value of the company's assets, equity, and total profit. It also increases the value of return on assets and profit margin but decreases the value of the company's asset turnover.

**Keywords:** Human Resource Accounting, Financial Performance, Return on Assets, Assets Turnover, Profit Margin.



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### INTRODUCTION

Accounting is a discipline that is constantly evolving. According to Rahardjo (2020), accounting is a technique for assisting people or organizations in monitoring their economic activities by providing financial and non-financial information. The development of accounting is not limited to presenting information on economic conditions but also includes information required by management to make decisions about the company's condition. Moreover, according to Horngren (2011), accounting is a system capable of measuring business activities, processing information into financial reports and statements, and subsequently communicating the findings to decision makers.

Hansen and Mowen (2007) explain that management accounting is a field of accounting concerned with the production of accounting information meant for consumption by internal users, including managers, executives, and employees. Management accounting identifies, collects, measures, classifies, and reports information useful for planning, controlling, and decision-making. The

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information provided by management accounting is not constrained by the specific criteria that define the nature of processes, inputs, and outputs.

Human resources are essential for companies in carrying out their operational activities. Human Resource Accounting considers humans as assets and a necessary part of the company. According to PSAK No.16, Assets are any tangible and intangible property owned by a person or company that has value or will benefit a person or company. Human resources meet these criteria because they function as work inputs that will generate value for the company. Human resources have a significant role in the success or failure of any company because humans are the ones who obtain value for the company by managing other resources. Humans provide their skills, knowledge, and efforts to produce the best output for the company. Training and development of human resources is aimed at improving the skills and abilities of human resources in carrying out their duties and responsibilities now and in the future Romdhoniyati et al. (2021). In this case, human resource accounting includes two main components: the costs incurred in empowering these resources and the value generated by employees referring to the contribution made to the company (Arora & Panchal, 2021). Although humans are valued as valuable assets sometimes considered higher than the company's fixed assets, conventional accounting cannot validly present financial reports on human resources (Habiburrochman & Irawati, 2021). Thus, it is hoped that the existence of HRA (Human Resource Accounting) can measure costs and values more precisely and assist in making decisions regarding employees (Kashanipour & Farooji, 2022).

Flamholtz (1999) mentions that human resource accounting aims to give users the information necessary to acquire, develop, allocate, conserve, utilize, evaluate, and reward human resources. Human resource accounting develops metrics for quantifying the cost and value of human resources to an organization, which can be utilized in various managerial decision-making processes. Flamholtz et al. (2002) also explain that after human resources are recognized as assets, it is necessary to measure depreciation based on their useful lives. Human resource assets may have different useful lives, allowing amortization calculation on a group or individual basis. According to Gupta (2021), human resource accounting can deliver a real basis for the best scientific and human resource planning and development.

Hood (1993) mentions three principles used to understand human resource management accounting namely human resource management accounting presents a framework that facilitates human resource-related decision-making, human resource accounting presents numerical information regarding the cost and value of humans as organizational resources, and human resource accounting can motivate management to adopt a human resource perspective in decisions involving humans.

Financial statements are accountability products from accounting disciplines whose presentation must comply with generally accepted accounting principles and be presented fairly. External HRA financial reporting is essential in adequately utilizing an organization's human resources. (Mamun, 2009). Currently, the financial statements displayed by the company must comply with applicable regulations in Indonesia. Therefore, companies have not been able to record all costs incurred to empower their employees as investments, not as expenses. The financial statements presented can be analyzed to gain insight into the company's financial condition over a specific period. This can be achieved through ratio analysis (Wild et al., 2007).

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Some of the research that has been done related to HRA includes El-Mousawi & Kanso (2019), who examined the effect of accounting measurements and human resource approaches on financial statements, stated that HRA's implementation in organizations is essential in assisting managerial decision-making and in the appropriate determination of worker orientation and development. More in-depth research has also been conducted by Balogun et al. (2020), who examined the HRA of manufacturing companies in Nigeria. The results found that human resources costs, including remuneration and employee development, influence financial performance considerably, with the return on assets ratio as the dependent variable.

A separate study by Alafi S. & Suranta (2018) related to the disclosure of HRA states that the value of HRA in Indonesia is higher than that of other developing countries such as Bangladesh, Nigeria, and India. In addition, this disclosure benefits the analyzed organization's asset turnover and return on assets. This study used several samples of insurance and banking companies in Indonesia as research subjects. This is aligned with research by Enofe et al. (2013), which states that financial companies disclose more things related to human resources accounting than non-financial companies. The same conclusion was reached by Mamun (2009), who found the same result and positively impacted their annual reports.

A previous study by Juendi & Amna (2023) conducted similar research about human resource accounting at a Bank in Indonesia. It stated the positive impact of human resource accounting disclosure on the company's financial performance. Bahrami et al. (2015) also stated that Human resource accounting has an influence on the provision and development of human resources, such as recruitment, training, performance appraisal, promotion and so on. In addition, human resource Accounting also has a significant influence on company assets and supported by Hariono et al. (2023) that human resource disclosure significantly affects financial performance. The findings of this research are expected to provide benefits. as adding insight and knowledge regarding financial performance assessment using the financial ratio method by applying HRA in the financial statements so that this research can serve as a reference for those engaged in financial performance measurement research related to applying HRA.

## METHOD

In simulating applying HRA in financial statements, this research uses an experimental method with a One Group Pretest-Posttest Design approach. According to Suryabrata (1988), the One Group Pretest-Posttest Design used one group of subjects to compare measurement values before and after treatment. The following is a One Group Pretest-Posttest Design,'

Pretest	Treatment	Posttest
T <sub>1</sub>	X	T <sub>2</sub>

T<sub>1</sub> = Financial statement data and financial performance before applying HRA

X = Simulation of applying HRA

T<sub>2</sub> = Financial statement data and financial performance after applying HRA

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The data collection method in this study used documentation techniques. According to Sugiyono (2015), documentation click and information collection technique in the form of books, archives, documents, writings, numbers, and images in the form of reports and information that can support research.

According to Newby (2014), secondary data is already available in the public domain, such as official statistical sources, newspapers, journals, magazines, books, academic papers, reports, emails, movies, and videos. The secondary data used are financial reports from insurance companies listed on the IDX for 2022-2023. The sample taken is annual financial report data for 2022-2023 using purposive sampling, which is part of non-probability sampling by considering certain characteristics as aspects of the specified population assessment. (Robert & Johnson, 2014).

According to Enofe et al. (2013), disclosure of HRA in financial companies is more widely conveyed than in non-financial companies. This research sampling uses a purposive sampling technique with a population of insurance companies currently listed on the Indonesia Stock Exchange. The sample taken is annual financial report data for 2022-2023 from seven insurance companies. The hypotheses to be tested in this study are as follows:

## Return on Total Assets

$H_0$  = There is no significant average difference between ROA before and after human resource accounting implementation.

$H_1$  = There is a significant average difference between ROA before and after implementing human resource accounting.

## Assets Turnover Ratio

$H_0$  = There is no significant average difference between ATO before and after implementing human resource accounting.

$H_1$  = There is a significant average difference between ATO before and after implementing human resource accounting.

## Profit Margin

$H_0$  = There is no significant average difference between PM before and after implementing human resource accounting.

$H_1$  = There is a significant average difference between PM before and after implementing human resource accounting.

## RESULT AND DISCUSSION

### HRA simulation at PT Asuransi Dayin Mitra Tbk (ASDM)

The total human capital investment is Rp78.505.578 for 2022 and Rp139.569.163 for 2023. The amortization expense in 2022 is Rp 19.626.394, while in 2023 is Rp39.798.889. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity

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in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of financial ratios. The following is a comparison of the financial ratios of PT Asuransi Dayin Mitra Tbk before and after implementing HRA.

Table 1. Financial Ratio of PT Asuransi Dayin Mitra Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	2,17%	10,84%	2,25%	7,86%
Assets Turnover	0,1518	0,1451	0,1670	0,1496
Profit Margin	0,1428	0,7470	0,0151	0,5252

Source: Processed secondary data, 2024

Table 1 shows that the return on assets ratio at PT Asuransi Dayin Mitra has increased in 2022 and 2023 by 8,67% and 5,61% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. Meanwhile, the asset turnover decreased in 2022 and 2023 by 0,0067 and 0,0174, which shows that the company experienced a slight decrease in managing its assets to become income. Profit Margin at PT Asuransi Dayin Mitra has increased in 2022 and 2023 by 0,6042 and 0,5101. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Asuransi Harta Aman Pratama Tbk (AHAP)

The total human capital investment is Rp51.618.066.431 for 2022 and Rp93.163.118.188 for 2023. The amortization expense in 2022 is Rp12.904.516.608, while in 2023 is Rp26.516.908.699. This value will be the addition of a new Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of financial ratios. The following is a comparison of the financial ratios of PT Asuransi Harta Aman Pratama Tbk before and after implementing HRA.

Table 2. Financial Ratio of PT Asuransi Harta Aman Pratama Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	-0,93%	5,35%	0,52%	4,48%
Assets Turnover	0,2952	0,2859	0,2743	0,2551
Profit Margin	-0,0316	0,1870	0,0188	0,1757

Source: Processed secondary data, 2024

Table 2 shows that the return on assets ratio at PT Asuransi Harta Aman Pratama has increased in 2022 and 2023 by 6,28% and 3,96% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0093 and 0,0192, which shows that the company experienced a slight decrease in managing its assets to become income. Profit Margin at PT

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Asuransi Harta Aman Pratama has increased in 2022 and 2023 by 0,2186 and 0,1569. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Asuransi Jasa Tania Tbk (ASJT)

The total human capital investment is Rp24.855.778.793 for 2022 and Rp44.579.314.302 for 2023. The amortization expense in 2022 is Rp6.213.944.698, while in 2023 is Rp39.798.889. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of the financial ratios. The following is a comparison of the financial ratios of PT Asuransi Jasa Tania Tbk before and after implementing HRA.

Table 3. Financial Ratio of PT Asuransi Jasa Tania Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	0,11%	4,84%	0,81%	4,45%
Assets Turnover	0,1807	0,1764	0,2349	0,2196
Profit Margin	0,0062	0,2741	0,0343	0,2026

Source: Processed secondary data, 2024

Table 3 shows that the return on assets ratio at PT Asuransi Jasa Tania has increased in 2022 and 2023 by 4,73% and 3,64% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0043 and 0,0153, which shows that the company experienced a slight decrease in managing its assets to become income. Profit Margin at PT Asuransi Jasa Tania has increased in 2022 and 2023 by 0,2679 and 0,1683. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Maskapai Reasuransi Indonesia Tbk (MREI)

The total human capital investment is Rp39.108.900.882 for 2022 and Rp79.714.812.256 for 2023. The amortization expense in 2022 is Rp9.777.225.220, while in 2023 is Rp22.373.009.369. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of the financial ratios. The following is a comparison of the financial ratios of PT Maskapai Reasuransi Indonesia Tbk before and after implementing HRA.



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Table 4. Financial Ratio of PT Maskapai Reasuransi Indonesia Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	0,91%	1,85%	1,35%	2,22%
Assets Turnover	0,3838	0,3820	0,3965	0,3914
Profit Margin	0,0237	0,0483	0,0342	0,0568

Source: Processed secondary data, 2024

Table 4 shows that the return on assets ratio at PT Maskapai Reasuransi Indonesia has increased in 2022 and 2023 by 0,94% and 0,87% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0018 and 0,0051, which shows that the company experienced a slight decrease in its ability to manage its assets to become income. The profit Margin at PT Maskapai Reasuransi Indonesia has increased in 2022 and 2023 by 0,0246, and 0,0226. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Asuransi Maximus Graha Persada Tbk (ASMI)

The total human capital investment is Rp34.878.798.186 for 2022 and Rp54.450.851.190 for 2023. The amortization expense in 2022 is Rp8.719.699.546, while in 2023 is Rp15.792.637.684. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of the financial ratios. The following is a comparison of the financial ratios of PT Maskapai Reasuransi Indonesia Tbk before and after implementing HRA.

Table 5. Financial Ratio of PT Asuransi Maximus Graha Persada Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	-8,45%	-4,95%	0,75%	2,57%
Assets Turnover	0,3316	0,3260	0,3776	0,3617
Profit Margin	-0,2547	-0,1518	0,0198	0,0710

Source: Processed secondary data, 2024

Table 5 shows that the return on assets ratio at PT Asuransi Maximus Graha Persada has increased in 2022 and 2023 by 3,50% and 1,82% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0056 and 0,0159, which shows that the company experienced a slight decrease in its ability to manage its assets to become income. Profit Margin at

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PT Asuransi Maximus Graha Persada experienced an increase in 2022 and 2023 of 0,1029 and 0,0512. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Asuransi Multi Artha Guna Tbk (AMAG)

The total human capital investment is Rp132.416.049 for 2022 and Rp236.427.576 for 2023. The amortization expense in 2022 is Rp33.104.012, while in 2023 is Rp67.382.897. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of the financial ratios. The following is a comparison of the financial ratios of PT Maskapai Reasuransi Indonesia Tbk before and after implementing HRA.

Table 6. Financial Ratio of PT Asuransi Multi Artha Guna Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	3,63%	6,37%	3,02%	4,95%
Assets Turnover	0,1557	0,1535	0,1648	0,1588
Profit Margin	0,2330	0,4148	0,1830	0,3116

Source: Processed secondary data, 2024

Table 6 shows that the return on assets ratio at PT Asuransi Maximus Graha Persada has increased in 2022 and 2023 by 2,74% and 1,93% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0022 and 0,0060, which indicates that the company experienced a slight decrease in its ability to manage its assets to become income. Profit Margin at PT Asuransi Maximus Graha Persada has increased in 2022 and 2023 by 0,1818 and 0,1286. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## HRA Simulation at PT Victoria Insurance Tbk (VINS)

The total human capital investment is Rp7.320.377.994 for 2022 and Rp13.487.994.145 for 2023. The amortization expense in 2022 is Rp1.830.094.499, while in 2023 is Rp3.829.522.161. This value will add a new account as a Human Asset account. The addition of this new account will affect the total value of the company's assets and equity. The change influences the change in the value of equity in the amount of retained earnings, which is affected by the operating expenses in the income statement. Changes that occur will affect the value of the financial ratios. The following is a comparison of the financial ratios of PT Maskapai Reasuransi Indonesia Tbk before and after implementing HRA.



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Table 7. Financial Ratio of PT Victoria Insurance Tbk

Financial Ratio	2022		2023	
	Before	After	Before	After
Return on Assets	2,65%	4,84%	2,40%	4,51%
Assets Turnover	0,0784	0,0776	0,1918	0,1847
Profit Margin	0,3380	0,6240	0,1251	0,2442

Source: Processed secondary data, 2024

Table 7 shows that the return on assets ratio at PT Victoria Insurance has increased in 2022 and 2023 by 2,19% and 2,11% after applying HRA. This is an indication that there has been an increase in the company's ability to generate profits from its assets. In contrast, the asset turnover decreased in 2022 and 2023 by 0,0008 and 0,0071, which shows that the company experienced a slight decrease in its ability to manage its assets to become income. Profit Margin at PT Victoria Insurance has increased in 2022 and 2023 by 0,2860 and 0,1191. Applying HRA has enhanced the company's ability to generate net profit from total sales.

## Return on Assets Data Test Results

Table 8. Normality Test of Return on Assets

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Pretest ROA	0,265	14	0,009	0,707	14	0,000
Posttest ROA	0,232	14	0,040	0,881	14	0,060

a. Lilliefors Significance Correction

Source: Processed data with SPSS, 2024

Table 8 shows that the Shapiro-Wilk significance level on Pretest ROA data is  $0,000 < 0,05$ , meaning the data is not normally distributed. The significance value of post-test ROA data is  $0,060 > 0,05$ , which means the data is normally distributed. Even so, one of the data does not meet the required normality. Therefore, hypothesis testing will be conducted using the Wilcoxon signed rank test, the non-parametric test.

Table 9. Wilcoxon Signed the Rank Test of Return on Assets

	Posttest ROA - Pretest ROA
Z	-3,296 <sup>b</sup>
Asymp. Sig. (2-tailed)	0,001

a. Wilcoxon Signed Ranks Test  
b. Based on hostile ranks.

Source: Processed data with SPSS, 2024

Table 9 shows the test statistics based on the negative rankings in the previous table. The z value shows  $-3,296 < 0,05$ , significant at  $\alpha = 0,001$ . Hence, it is concluded that  $H_0$  is rejected and  $H_1$  is

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accepted. This indicates a significant average difference between ROA before and after applying HRA. In other words, applying HRA can increase the company's return on assets.

Micah et al. (2012), Juendi & Amna (2023), and Pradhana & Azizah (2018) have conducted research with similar results. These studies show positive results related to increased return on assets after applying human resource accounting. It was also supported by Pramuna M. P. & Raharja (2013) that human resource disclosure on corporate reputation has a positive effect on the control variables of company size and ROA. This increase is due to an increase in the average value of total assets and an increase in the company's net profit.

## Assets Turnover Data Test Results

Table 10. Normality Test of Assets Turnover

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	df	Sig.
Pretest ATO	0,188	14	0,193	0,923	14	0,243
Posttest ATO	0,185	14	0,200*	0,921	14	0,230

\*. This is a lower bound of the true significance.  
a. Lilliefors Significance Correction

Source: Processed data with SPSS, 2024

The test on the Assets Turnover data in Table 10 shows that the Shapiro-Wilk significance level on the Pretest ATO data is  $0,243 > 0,05$ , implying the data is normally distributed. The same thing is shown in Posttest ATO at  $0,230 > 0,05$ , which indicates the data is also normally distributed. Both data met the data normality requirements, so hypothesis testing will be done using the paired sample t-test parametric test.

Table 11. Paired Sample t-Test of Assets Turnover

Pair	Pretest 1 ATO - Posttest ATO	Paired Differences				T	df	Sig. (2- tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower				Upper
		0,0083357	0,0061262	0,0016373	0,0047986	0,0118729	50,091	13	0,000

Source: Processed data with SPSS, 2024

Based on Table 11, it is known that the Sig. value of  $0,000 < 0,05$  so it is concluded that  $H_0$  is rejected and  $H_1$  is accepted. Consequently, there is a real average difference between ATO before and after applying HRA. It is also concluded that applying HRA can reduce the average value of the company's asset turnover. These results support research undertaken by Isnaniati (2020), which states that the value of asset turnover has decreased due to the application of human resource accounting. This decrease results from an increase in the company's total assets under fixed sales conditions. Thus, it caused a decrease in the company's asset turnover value.

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## Profit Margin Data Test Results

Table 12. Normality Test of Profit Margin

	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statisti	df	Sig.	Statisti	df	Sig.
Pretest PM	0,226	14	0,051	0,916	14	0,191
Posttest PM	0,141	14	0,200*	0,966	14	0,812

\*. This is a lower bound of the true significance.

a. Lilliefors Significance Correction

Source: Processed data with SPSS, 2024

Based on the test shown in Table 12, it is known that the Shapiro-Wilk significance level on the Pretest PM data indicates a number  $0,191 > 0,05$ , which implies that the data is normally distributed. The same result is displayed on the PM post-test at  $0,812 > 0,05$ , which indicates that the data is also normally distributed. Both data have met the data normality requirements. Thus, hypothesis testing will be conducted using the paired sample t-test, a parametric test.

Table 13. Paired Sample t-Test of Profit Margin

		Paired Differences				T	df	Sig. (2-tailed)	
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
Pair 1	Pretest PM	-	0,17106	0,04571	-	-	-	13	0,001
	- Posttest PM	0,203057	08	79	0,30182	0,10428	4,44		
		1			47	96	2		

Source: Processed data with SPSS, 2024

Table 13 shows that the Sig. value of  $0,001 < 0,05$  and it is concluded that  $H_0$  is rejected and  $H_1$  is accepted. Therefore, there is a real average difference between the value of the Profit Margin before and after applying HRA. It is also concluded that applying HRA can significantly increase the average value of the company's revenue margin. This finding aligns with research conducted by Juendi & Amna (2023), Pradhana & Azizah (2018), and Pradhana & Azizah (2018). Click or tap here to enter text. The company's profit margin value increases after applying human resource accounting. This increase is due to an increase in the company's net profit value after treatment. Moreover, this also strengthens the research conducted by Sihaloho & Amalia (2022), which shows human resource costs that are recognized as company expenses impact lower profits than if the recognition of these costs is treated as company assets and Sharma (2012) that reveals human resource accounting has a positive relationship with financial performance, employee development, as well as company operational performance.

## CONCLUSION

Based on the results of the simulation of applying HRA in insurance companies, it can be concluded that after applying HRA, the statement of financial position of Insurance Companies

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in Indonesia showed an increase in total assets resulting in the addition of human resource assets and an increase in equity due to additional retained earnings in both 2022 and 2023. In the meantime, the income statement recorded a rise in profit (loss) due to a decrease in total expenses. These affect the financial performance of the companies, as proved by the statistical tests that have been conducted. The company's return on assets and profit margin values have increased and have been validated by the applied test. However, there is a decrease in the value of asset turnover in the company. This decrease is due to an increase in total assets without a change in total sales.

This study's financial performance calculation is limited to the Return on Assets, Assets Turnover, and Profit Margin ratios. Future research is expected to use more ratios to assess economic performance. This study only takes two accounting year periods and is limited to companies in the insurance sector as research objects. So, it is hoped that further research can make other types of companies with more years as research objects.

The results of this research strengthen the research conducted by Micah et al. (2012), Juendi & Amna (2023), and Pradhana & Azizah (2018), which show positive results related to increasing return on assets after implementing human resource accounting. This also supports research conducted by Isnaniati (2020), which states that the value of asset turnover has decreased due to the implementation of human resource accounting. This decrease results from an increase in the company's total assets under fixed sales conditions. Thus, it caused a reduction in the company's asset turnover value.

The result of this research strengthens research conducted by Juendi & Amna (2023), Pradhana & Azizah (2018), and Pradhana & Azizah (2018). The company's profit margin value increases after applying human resource accounting. This increase is due to the company's net profit value after treatment. Apart from that, this also strengthens research conducted by Sihalohe & Amalia (2022), which shows that human resource costs that are recognized as company expenses have a minor impact on profits than if the recognition of these costs is treated as a company asset.

The results of this study can be used by Indonesian insurance companies listed on the Indonesia Stock Exchange to evaluate their human resource management strategies. After understanding the changes in financial statements after applying human resource accounting, companies may consider implementing human resource accounting by recognizing human resource costs as an investment. The results of statistical tests that prove an increase in the value of ROA and PM after applying human resource accounting can be used as management consideration to optimize the use of human resources. This shows that the company is getting better at managing its assets in generating profits and the more effective it is. Companies can use the results of the ATO statistical test to understand the impact of implementing human resource accounting on the company's operational performance.

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