
A STUDY ON HUMAN RESOURCE ACCOUNTING (HRA) A NEW PARADIGM IN THE FIELD OF ACCOUNTING BY CONSIDERING HUMAN RESOURCE AS AN ASSETS OF AN ORGANIZATION

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Abstract

Human Resource is considered as one of the important resources in all the physical resources of an organization. If there is a Human resource then there is a meaning for all the physical and tangible resources. Human Resource Accounting made human resource as one of the most important resources by comparing all other resources of an organization. It will consider Human Resource as a Fixed Asset of an organization and also considering in the financial statements and mentioned in a balance sheet as a fixed asset. The main aim of this article is to show HRA is a paradigm in the field of accounting which will make Human Resource as one of the best among all other resources of an organization. The objectives of this article are to study the different objectives of HRA and its significance and impact of HRA on organizational performance.

Key words: - Human Resource, Accounting, Human Resource Accounting, Fixed Assets,

1. Introduction

Accounting is an important tool for all business organizations, because it will help the executives of the business in advance developments by maintaining over numerous and critical business activities. So accounting is considered as a code language which is used by an accountant, who translates the monetary transaction into quantitative terms which will help for further interpretation and analyzed for giving qualitative conclusions. In every business concern all the items considering in the calculation of accounting, except human resource. Whatever the money spent on Human resource is considered as an expenditure. In reality Human resources are the real asset of an organization. The physical resources of an organization cannot act themselves; there is a need of support of human resources who will utilize the other scarce resources for achieving the organizational goals and objectives.

Human Resource is considered as a basic and main resource for any organization. The people who will operate the activities of an organization they are called as human resources. These human resources actively take part in an organizational activity and concentrate on their job to achieving the organizational short and long term objectives. The human resource of any organization brings life to the other physical and tangible resources.

Human resources accounting is a combination of both the concepts human resource and accounting it means measurement and quantification of Human in an organization by Stephen Knauf.

According to Flam hoitz Human Resource accounting as accounting for people as an organizational resource. It involves measuring the cost incurred by an organization to recruit, select, hire, train, and develop human assets. It involves measuring the economic value of people to the organization.

Fixed Assets are the long term tangible piece of property that a firm owns and uses in its operations to generate income.

2. Statement of the Problem

Human Resource is considered as a one of the most important resource for every organizations. But in reality it is neglected in the books of accounts, means the human resources is not considering in the preparation of financial statements of an organization. In India there are number of public and private and joint stock organizations will be there, but among those organizations' only few sectors are using the Human resource accounting in their organizations. Many of the organization are not adopting the human resources accounting. This problem states that how HRA is a paradigm in the field of accounting, and it will describe what are the significance of HRA to an organizations, what is the impact on organization by adopting the HRA.

3. Objectives of the Study

1. To study the objectives of Human Resources Accounting
2. To Describe the Significance of Human Resource Accounting
3. To Evaluate the Impact of Human Resource Accounting to an organization
- 4.

4. Formulation of Hypothesis

H0:- There is no significant impact of human resource accounting on overall performance on organizations

H1:- There is a significant impact of human resource accounting on overall performance on Organizations.

5. Research Methodology

This article written on the basis of Primary and Secondary Data. By using the Structured Questionnaire Primary data is collected from the respondents of different fields. Secondary data is collected from Internet, Websites, journals, reports, Books. 100 samples selected randomly for the survey.

Objectives of Human Resource Accounting

- HRA is very much useful for making effective managerial decision for future purpose; HRA is very helpful in identifying the cost and value of Human Resource.
- It will create awareness about the Value of HR, which will helpful in disclosing in a financial statement.



- To develop the organizational information system and to take better decision about the human resources HRA is very much useful.
- To utilize the human resource in an efficient and effective manner, HRA having different measures.
- HRA is very helpful in Human Resource Planning and Human Resource Development.
- To help in monitoring the human resource of an organization to take prompt decisions regarding the organization.
- It will assist and analyze the human resource of an organization i.e. to retain, or depleted or promoted.
- It is very much useful in the development of management principles for making proper decision about the future.
- HRA is very much useful in the following areas of an organization(4)
 - Recruitment v/s Promotion
 - Transfer v/s Retention
 - Retrenchment v/s Retention
 - Budgetary control on Human Resource and Organizational Behavior

Significance of Human Resource Accounting

- HRA is very much useful for the effective and successful operation of an organization.
- By adopting HRA in an organization the productivity will increasing in a larger extent.
- HRA is useful for those organizations whose main factor is Human resources.
- It is very much useful to make investment decisions in an organization.
- HRA having an impact on management information system.
- To do long term strategic plan HRA is very much useful.
- It is more beneficial to share holder, investors and management and also financial analysis of an organization.
- It will provide the base for organization planning by utilizing physical and human resources.

Table showing the Impact of Human Resource Accounting to over all organizational performance

Sl. No	Research question	SA	A	N	DA	SDA
1.	It is very much essential to adopt HRA to an organizations	70	16	4	8	2
2.	HRA is very much beneficial for improving Organizational performance	20	35	15	20	10
3.	By HRA the Growth of an organizations are improved	30	32	20	10	8
4.	HRA is very much useful to analyze the cost and value of HR in an organizations	12	75	10	3	--
5.	HRA is useful in retaining the HR in an organizations	63	20	8	3	6
6.	Through HRA it is possible to make effective decisions regarding HR	30	51	6	3	10
7.	By adopting HRA in Organization employee turnover and absenteeism rate can be decreased to a greater extent.	60	30	10	--	--
8.	HRA is very much useful in reducing the cost of the Human resource	40	45	5	2	8

Statistical Result of the data analysis

Questions	Mean	S.D	Sig. level	T test
It is very much essential to adopt HRA to an organizations	1.56	1.03	0.000	10.675
HRA is very much beneficial for Organizational performance	2.64	1.28	0.000	14.475
By HRA the Growth of an organizations are improved	2.34	1.23	0.000	13.355
HRA is very much useful to analyze the cost and value of HR in an organizations	2.10	.677	0.000	21.913
HRA is useful in retaining the HR in an organizations	1.60	1.12	0.000	10.501
Through HRA it is possible to make effective decisions regarding HR	2.14	1.20	0.000	12.659
By adopting HRA in Organization employee turnover and absenteeism rate can be decreased to a greater extent.	1.5	0.68	0.000	15.652
HRA is very much useful in reducing the cost of the Human resource	1.92	1.12	0.000	12.101

Data Analysis

The questionnaire consisting of mainly 15 questions among those 8 questions are relating to the topic. To collect the opinion of the respondents 5 point likert scale is used. We analyzed that maximum number of respondent's opinion is, to adopt the human resource accounting in an every organization. Respondent's opinion can be disclosed in the below lines.

Q1: Is it essential to adopt HRA in an organization?

For this question 70% of the respondents strongly agree and 16% respondents agree towards adoption of HRA in an organization. Because these respondents aware about the merits of HRA to an organization.

Q2:- Is HRA is beneficial in improving the organizational performance?

Here respondents opinion is little bit fluctuated, because only 55% of the respondents response is positive, that it is very much beneficial to improving the overall organizational performance, if an organization adopted HRA. HRA is not only beneficial for the development of Human resource, directly it is the reason for the development of an organization.

Q3:- Is the growth of the organization improved by adopting HRA?

Here 62% of the respondent's opinion is positive, by adopting HRA it is not only organizational performance will be improved, the organization will also grow in a larger extent, by saving the money, time, energy, resources. It means utilizing the minimum resources get the maximum output.

Q4:-Is it possible to analyse the cost and value of Human Resource in an organization?

For this question 87 % (12+75) respondents agreed that it is possible to analyze the cost and value of every employee in an organization, HRA is meant for the finding out the value of Human Resource. In an HRA there are different models for calculating the value and cost of the human resources.

Q5:-Is it HRA is useful in retaining the employee of the organization?

For this question 83% of the respondents agree that by HRA an organization can retain the employees of the organizations, By HRA individual employees value can be identified through the employees will get the fair salaries by their efficiency and performance so employees won't think about to change the organization.

Q6:-Is it possible to make effective decisions regarding an organization?

HRA is very much useful in making and taking the decision regarding the Human Resources, 83% of the respondents agreed that HRA is very much useful in making the decision regarding the organization.

Q7:-is it possible to reduce the employee turnover and absenteeism?

HRA will calculate the value of the individual employee by using the best method, it is useful in fixing the salaries, incentives, promotions to an employee's so employees will positively motivated towards an organization hence there is a minimum chance of changing the organization. The employees are also having the fear that mainly in private organization if the employees are absent for a longer duration may be they can fire from the organization. So HRA is also reducing the absenteeism and turnover of employees in an organization.

Q8:-is it possible to reduce the cost of human resource in an organization?

Obviously by HRA the cost of Human Resources can be reduced to a greater extent, because it will avoid the unnecessary expenditure on Human Resources , and organization blindly they cannot fix the salaries, on the basis of efficiency of the human resource they can get the pay.

Testing of Hypothesis

By Testing the hypothesis through one sample t test the obtained significance level is very less the standard significance level is 0.05. So in this problem we are rejecting the null hypothesis and accepting the alternative hypothesis that is there is a significant impact on organizational performance by adopting Human Resource Accounting in an organization. Certainly if an organization adopting the HRA in their organization there is an overall impact on the organization. The organizational Management will take better decisions regarding the Human Resources; they will utilize the human resources in a better manner. Not only it will be beneficial to an organization it is also beneficial to employees of the organization. Through HRA it will estimate the value of individual employee; on the basis of their performance efficiency the employees will also get the fare salaries, incentives, promotions etc,

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