
“FACTORS INFLUENCING HUMAN RESOURCE ACCOUNTING” IN AN EDUCATIONAL INSTITUTIONS FOR THE DEVELOPMENT OF THE STUDENTS”

Kavitha. C

Assistant Professor

Nagarjuna College of Management Studies
Chickballapur-562101

Co-author

Dr. Ananda Das Gupta

Coordinator for MBA, IIPM, Malathahalli,
Bangalore.

Abstract

Human Resource is considered as important assets of any organizations and is different from other physical assets. Physical assets do not have feeling and emotions whereas human assets are subjected to various types of feelings and emotions. Information generated by HRA can be used for a host of managerial and strategic decisions like recruitment, turnover personal advancement analysis, training and capital budgeting. Institutions can actually find out how much they can earn from an individual, as the intellectual assets of a company, are often worth 3/4 times the tangible book value human capital also provide expert services such as consulting, financial planning and assurance service. This article explaining about the factors influencing Human Resource Accounting. Majorly educational Institutions are not adopting HRA. This study shows how HRA is important to Educational institutions. If they adopted HRA how it is useful for the development of students. The main limitations of the study is it covers only educational institutions and only limited geographical area is covered for the survey, only Commerce and Management faculty are considered as a respondents for the survey.

Keywords: Resource, Human Resource, Accounting, Human Resource Accounting, Educational Institutions

1.Introduction

Human Resource (HR) is most crucial, very important and sensitive factor used as an input for production. This factor was overlooked earlier for accounting purposes due to the availability of excess and unorganized manpower and relatively low cost. But after the liberalization, in India the importances of human resources were recognized. Although a little interest has been shown by professional accountancy bodies, like ICAI, ICSI and ICMAI on Human Resource Accounting (HRA). In India some of the public sector undertakings adopting HRA. These sectors have made pioneering attempts by disclosing Human Resource Values. It is highly complicated in the today's market find well knowledge, coached and highly motivated people. Human Resource is one of the most important back office operations of any organization or any business, their skills, creativity, ability human cannot be replaced by machines. At all levels and areas of the business or firm human efficiency is required with machine efficiency. Human can work without machine but machine can't with human.



Adam Smith in his classic work, “Wealth of Nation”, classified the factors of production into land, labor and capital. The modern management reclassified them as 4 Ms men, machine, materials and money.

The term ‘Labor’ and ‘Men’ have now been christened “Human Resource”, popularly known as HR; the human resource is not just the number of pairs of hands engaged in any organization. But, above all it may be thought of as the total knowledge, skills creative abilities, talents and aptitudes of an organizations’ workforce.

1.1. Resource

The resources that resides in the knowledge, skills and motivation of people, human resource is the least mobile of the four factors of production, and it improves with age and experience, which no other resource can do. It is therefore regarded as the scarcest and most crucial productive resource that creates the largest and longest advantage for an organization.

1.2. Human Resource

William R. Tracey defines Human Resources as “the people or staff who will operate in an organization,” as contrasted with the financial and material resources of an organization. A Human Resource is a single person or an employee within your organization. Human Resource management is also the organizational function, that deals with the people and issues related to people such as compensation, hiring, performance management, and training.

1.3. Accounting

Accounting is the analysis and interpretation of book-keeping. It includes not only the maintenance of accounting records but also the preparation of financial and economic information which involves the measurement of transaction and other events relating to the entity.

Accounting is defined as “the art of recording, classifying and summarizing in terms of money transaction and events of financial character and interpreting the results thereof.”

1.4. Human Resource Accounting

HRA is the systematic recording of the transaction relating to the value of human resources. According to American Accounting Association, “HRA is a process of identifying and measuring data about human resources and communicating this information to interested parties.” HRA is the measurement of cost value of people for an organization. HRA is the systematic recording of the transaction relating the value of the human resource.

1.4.1. Thus the concept of HRA can be basically examined from two dimensions:

1. Investment in Human Resources
2. The value of Human Resources

2. Statement of the problem

This article explains the factors influencing HRA, in fact there are 2 types of Factors influencing HRA. They are Tangible and Intangible Factors. Here we can also studying the Objectives of HRA. These factors having a greater impact for the success of HRA. A small effort is made, if these factors of HRA adopted in an Educational Institutions in a proper manner automatically their will greater impact on success and development of the organization and also on students.

3. Objectives of HRA are as follows:

1. Furnishes cost/value information for making management decisions.
2. Effectively monitoring of Human Resources.
3. Sound and effective basis of Human assets control.
4. Provide comparative information regarding costs and benefits associated with investment in human assets.
5. Provide information to investors and their capabilities of an organization.

4. Objectives of the study

1. To describe the different factors influencing HRA.
2. To analyse the need of HRA in an Educational Institutions.
3. To describe the factors influencing for the development of Human Resource in an Educational Institutions
4. To analyze the Impact of HRA for the development of students.

4.1. Factors influencing on Human Resource Accounting

4.1.1 Tangible Factors

Physical Factors	Financial Factors
<ul style="list-style-type: none"> • Extent of aim achieved • Average number of people recruited • Guidance needs • Time and performance comparison 	<ul style="list-style-type: none"> • Cost involved • Price of service sold • Cost comparison among similar services

4.1.2 Intangible factors

Positive factors	Negative factors
<ul style="list-style-type: none"> • Quality of services rated • Benefits rated • Forming of social indicators and their comparison • Effectiveness of training programs • Market popularity of the institution • Judgment of real value of human resource 	<ul style="list-style-type: none"> • Measuring damages • Creating social evils • Human resources as liability through Destructive activities • Lack of individual and group relations



4.2 Need of HRA to an Educational Institutions

- * HR Accounting is very much needed to provide effective & efficient management within the organization.
- * If there is any change in the structure of an organization, HRA provides information to the management.
- * HRA provides qualitative information & also assesses the cost incurred on personnel.
- * It gives a platform to the management by providing information about the factors for better decision-making for future investment.
- * The return on Investment on HR can be evaluated through HRA.
- * HRA communicates with an organization & public about the worth of human resources & also its proper allocation in an organization.
- * HR helps the management in developing principles by classifying the financial consequences of the various practices.

4.3 Information about the HRA adopted in an Educational Institution

Especially in India 95% of the Educational Institutions are not Adopted Human Resource Accounting. Human resource is not mentioned as an asset in their balance sheet but they recorded only the expenditure made on human resource for their training, recruitment and selection process and also calculated Return on Investment. But practically no one Educational Institution is using the Proper method for the calculation of Human Resource. The organizations are feeling difficult to adopting the methods for the calculation of the Human Resource because there is no proper and feasible method for their calculation. Because all the Human Resource are not performing same work like machines their performance may vary from one person to another, hence the organization feeling difficult to adopting the methods for the calculation of the Human Resources in an Organizations.

4.4 Factors of HRA influencing the HR of an Educational Institutions for the development of Students:

If Educational Institutions utilized the Tangible and Intangible factors, there may be a greater influence on their performance. Hence there is a development of an individual as well as Institutions. Automatically human resource efficiency will increase and there may be a greater effect on the students. So the Human Resource will play a significant role for the development of the students and also directly it will motivate the students towards success. Hence HRA is the reason for the core development of the Students, Faculty, Institutions as well as the Society.

5. Research Methodology

This study mainly belongs to the Primary and Secondary Source, Primary data was collected from the 100 faculty of the of different educational institutions, and on the basis of the primary information an analysis and findings may be done. Secondary sources are also used for the preparation of this article. The secondary source may be collected from, case studies, text books, articles, e-journals, websites etc,

6. Analysis of the data

The Analysis can be done on the basis of survey conducted on Faculty in an Educational Institutions relating the HRA.

Table No. 1

Table showing the survey information regarding the HRA in an Educational Institutions

Sl.No	Opinion	Agree	Disagree	Total
1.1	Is there is need of the HRA in an Educational Institutions	90%	10%	100%
1.2	Is there any Impact on Factors influencing Human Resource in an Educational Intuitions	98%	02%	100%
1.3	Is there any effect of Factors influencing Human Resource to an Educational Institutions	92%	09%	100%
1.4	Is there any effect on Students from Human Resource	99%	01%	100%
1.5	Is there is need of Calculation of HRA in a Balance sheet of Educational Institutions	92%	08%	100%
1.6	Is the factors influencing HR for developing students	90%	10%	100%

Graph No. 1

Graph showing the survey information regarding the HRA in Educational Institutions

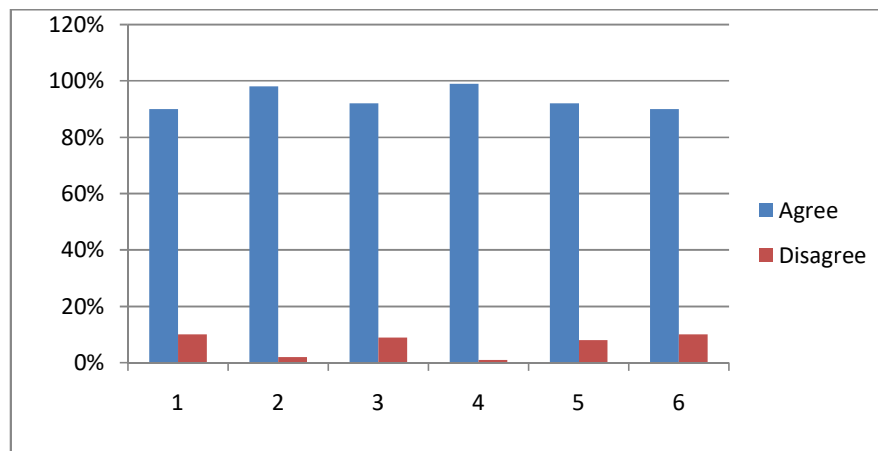


Table No. 2

Table showing the type of Physical factors have greater influencing HRA in a Educational Institutions

Sl.No	Opinion	Percentage
1.	Extent of aim Achieved	15%
2.	Average number of people Recruited	25%
3.	Guidance needs	15%
4.	Time and performance comparison	45%
	Total	100%

Graph No.2

Graph showing the type of Physical factors have greater influencing HRA in a Educational Institutions

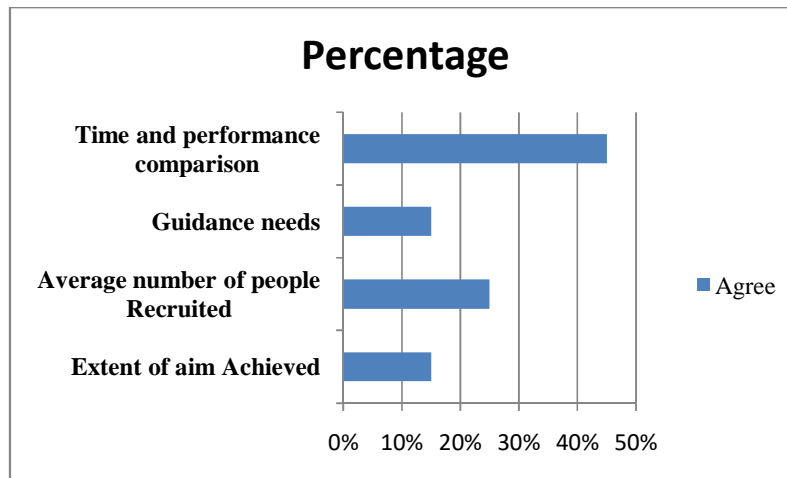


Table No. 3

Table showing the type of Financial factors have greater influencing HRA in a Educational Institutions

Sl.No	Opinion	Percentage
1.	Cost Involved	20%
2.	Price of Service sold	35%
3.	Cost comparison among similar services	45%
	Total	100%

Graph No. 3

Graph showing the type of Financial factors have greater influencing HRA in a Educational Institutions

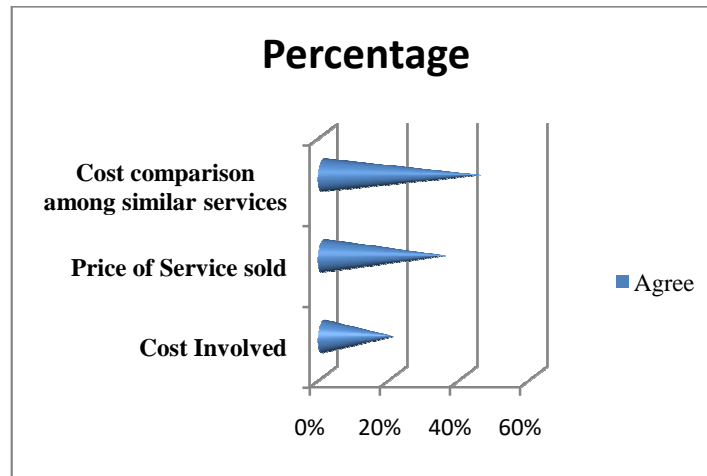


Table No. 4

Table showing the type of Positive factors have greater influencing HRA in a Educational Institutions

Sl.No	Opinion	Percentage
1.	Quality of service rated	15%
2.	Benefit rated	15%
3.	Forming of social indicators and their comparison	05%
4.	Effective of training programs	25%
5.	Market popularity of the Institutions	35%
6.	Judgment of real value of HR	05%
	Total	100%

Graph No.4

Graph showing Positive factors have greater influencing HRA in a Educational Institutions

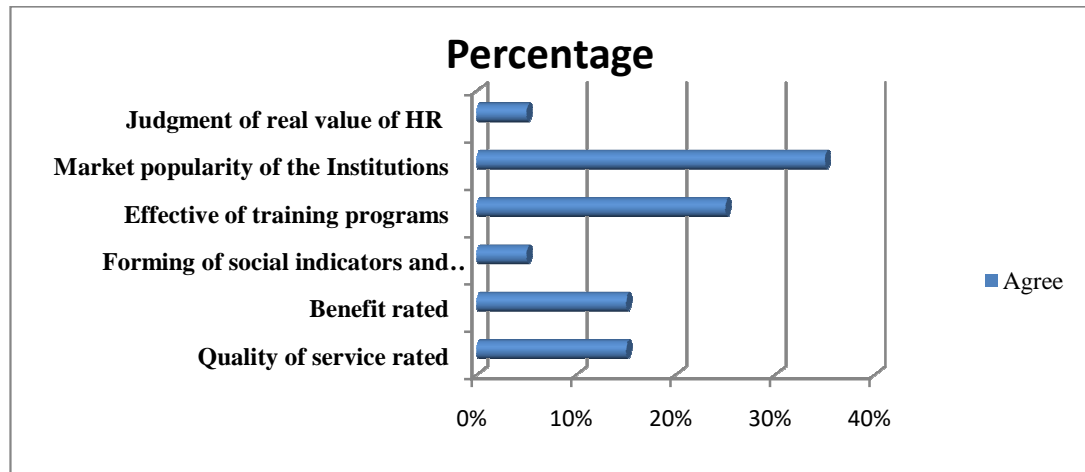


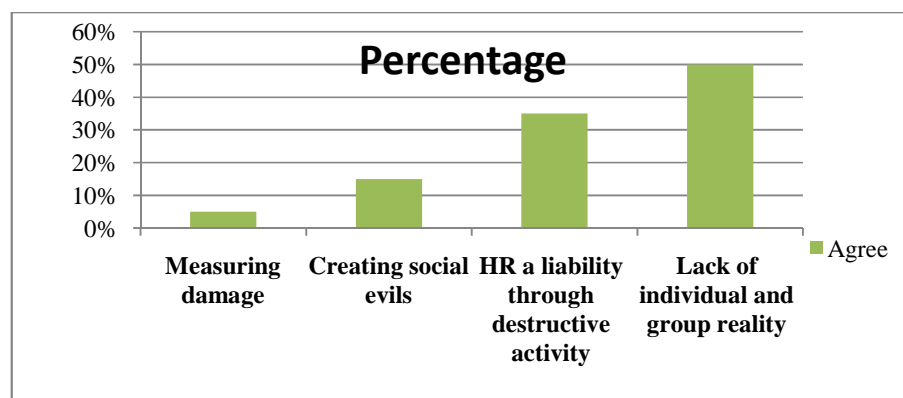
Table No. 5

Table showing the type of Negative factors have greater influencing HRA in a Educational Institutions

Sl.No	Opinion	Percentage
1.	Measuring damage	05%
2.	Creating social evils	15%
3.	HR a liability through destructive activity	35%
4.	Lack of individual and group reality	50%
	Total	100%

Graph No.5

Graph showing the type of Positive factors have greater influencing HRA in a Educational Institutions



7. Findings and Suggestions

Analysis can be done on the basis of the survey information. In this article the result showed in the form of percentage, by using the Tabulation and Graphical Representations. The information can be interpreted as below.

1. Majority of the faculty agreed that there is a need of HRA in an Educational Institution, and they accepting that, there is an impact of factors influencing on Human Resource, and their greater influence on Educational Institutions and there is impact on faculty, it will influence student's development. Many faculty agreed that there is need of calculation of HRA is needed in an Educational Institutions.
2. On the basis of the tabulation of the data we can find out that, by comparing the Tangible and Intangible factors, Tangible factors will have greater influence, among the Tangible factors the Physical factors are time and performance having a greater influence and also the financial factors will have greater impact on Human Resource. In the financial factors cost comparison among the service can have greater influence on HR.
3. In Intangible factors the Positive factors have effect on Human resource; in Positive factors the popularity and goodwill factors will show the greater impact on the Human Resource, in a Negative factors HR liability through destructive activity will have effect on the Human resource.

Here we can see that there will be greater influence of different factors on Human Resources. This influence can bring changes in faculty, which is the reason for their self development and also for an organizational development. It is the reason for the development of the students in an institution.

8. Conclusion

On the basis of the study, we can conclude that calculation of HRA is important to every organization, at the time of preparing financial statements and Balance sheet. If they considered human resource as an asset to an organization, it is very much useful to an organization. There will be greater impact on the factors influencing human resources to an Institution in a direct manner. On the basis of the human resource in an educational institution there will be greater impact on the student's development. To conclude, the HR Accounting system tries to evaluate the worth of human resources of an organization in a systematic manner & record them in the financial statement to communicate their worth with changes in time & result obtained from their utilization to the users of the financial statement. Hence, looking at the importance of HRA, now it is required under law & Government guidelines, for undertakings, to maintain a separate item in their balance sheet about such HR activities undertaken by them.

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