

A LITERATURE REVIEW ON HUMAN RESOURCE ACCOUNTING

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Abstract: To ensure the growth and Development of the organization, the skills of the employees should be measured in the correct scaling. Human Resources are considered to be the most the valuable resources among all the resources. The Non accounting of human resources and the changes occurred may leads to the very less profit in the organization. The research paper is derived from the review of the literature from the various scholars who were analyzed the importance of Human Resource Accounting in India. The concept of HRA is the valuation of the cost and value of employees in the organization. This paper analyzed about how HRA plays an important role in the organization decisions.

Keywords: Human Resource, Human Resource Accounting, Literature Review.

1. INTRODUCTION

Human Resource Accounting can be defined as the process of measuring the cost of the Employees and considering them as the organization's assets. HRA also helps to regulate the present economic value of employees in an organization. Once the cost of the employee is measured the management will prepare report which is termed as Human Resource Accounting Report. This report helps the management to calculate the cost of employees like the Recruitment Cost, Training Cost, Employee's remuneration, Employee's benefit schemes, Employee's entertainment expenses collectively as 'EMPLOYEE BENEFITS' are also reflected in the profit & Loss statements. Hence in the study we shall briefly discuss about the literature review on HRA practices in India.

2. REVIEW OF LITERATURE

Surarchith, Vaddadi, and Cura (2017) their article states that human resources accounting helps in organizational performance. As per their analysis the accommodation and training and development cost related to organization's performance. Their research helps the banker in the investment on Human Resources which helps in the productivity of the organization.

Akindehinde, Enyi and Olutokunbo (2015) In their study they have explained that the human asses accounting helps in their organization development. They also find out that the expenditure made on human asset does not provide the correct view of balance sheet published by them. This resulted in the negative effect on earnings in the share market.

Ezeagba (2014), In his paper he explained about the research made by too many researchers in order to bring in the idea of HRA, practicing the same in the form of review of literature. Its also explained the expenditure made on Human Resource are mentioned in the Balance sheet and in their annual reports.

Sharma and Lama (2014) in this study the development which are developed in HRA in some of the companies made efforts to value the employees are mentioned in the financial statement. The Indian companies were concentrating on the importance of employees and encouraging for organizational growth. International companies and their regulatory bodies find out the new standard format of HRA to be followed and the same will be reflected in the financial accounting statements.

Pandurangarao, Basha and Rajasekhar (2013) In their article they have studied, the main reason of the organization development is due to the practice of HRA in them. They have also analyzed that in ancient days most of the Indian organizations do not follow HRA resulted in lack of Human Resources performance in the Indian organizations. Considering the value of human resources in organizations in another 5 to 10 years will have a drastic change in the organizational development.

Cherian & Farouq (2013), in their study they have found, benefits of inputting Human Resource Accounting in companies are uncertain as they do not follow the same types of fields or attributes throughout all the companies. However the cost of the operations are really high. The Human Resources accounting helps the management to take wise decisions like how to control attrition, how to perform good, in the organizations.

Saremi & Naghshbandi (2012) In their study they explained about the capital invested on the human resources basically increase their performance which increase in their production. So the management have to take key responsibility in terms of investment on Human Resources to develop their organization.

Catusus et. al. (2009) explained in their study they have suggested many models to measure the investigating attributes and formats of models. This study involved in three types of disclosure of Human Resources models.

Mamun (2009) In this study they have investigated the corporate characterizes of HR policies of fifty-five companies in Bangladesh. 25 % of total Human resource accounting disclosure under the number of hypothesis. In this study they have also compared in terms of the strength, category of the company, and based on the profit of the company.

Theeke and Mitchell (2008) in their study they have explained the firm cost of the Human Resources expenses, benefits with respect to present value of the Employees expenses which estimates the revenue of the organization.

Dhade (2005) He explains that Human Resource Accounting helps the companies to focus on employees considering as one of the company's asset and the success rate is reflected in their company's annual reports.

Theeke (2005) in his study the scholars suggest the human resource accounting, some of the approaches does not supported in the accounting fields. So they have suggested the alternate liability approach in the accounting field.

Jasrona (2004) In his paper he have defined that the cost and value of the employees are measured in Human Resource Accounting. The companies who follow the practice of Human Resource Accounting, they consider the employees as their companies asset. In Human resource accounting the organizational resources can be measured with cost and value of employees. He says that the human assets are the most valuable as their knowledge and capacity high and irreplaceable.

Flamholtz et. al. (2002) In his study he explains the improvement in the human resources management is because of Human resource accounting in the organization which enhance profit in the organization.

Newman (1999) he defines the productivity of the company depends on the low level, middle level and top level management people's knowledge and their values showcase a significant part in the organization. Hence it's termed as the wealth and human resources are considered as the asset of an employee.

Gupta (1991) In this study he clearly tells about the MIS that indicates the management how to improve the system, the benefits of the employees, their remuneration, overtime and their day in day out roles and responsibilities are measured and updated in the MIS system. So the Human Resource Accounting helps us the comprehensive methods to take affirm decision.

Friedman and Lev (1974) and Lau and Lau (1978). In this article they have explained the HRA concept, means the process of estimating dually the employee's asset value to quantity of asset creation

Friedman and Lev (1974, 235) suggest that the organizational development is because of the Human Resources Accounting as it includes the cost involved in Hire, train the employees, remuneration, employee benefit schemes. They also consider human resources as company's asset and their expenses are reflected in the organizational balance sheet.

3. CONCLUSION

It is crystal clear that there should be an awareness created between Employer and Employee to implement the practice of Human Resource accounting in India. Constitutional and experts have to take necessary steps in the organization in passing some bills, Government Orders, the regulation of Human Resource accounting in the organization. To encourage such activities in the organization, the government and international bodies should give the organization relaxation on tax deduction. It also helps the management to take wise decision, retain their reputation in the market, to analyze frequently about the financial background of the organization.

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