HUMAN RESOURCE ACCOUNTING PRACTICES
(A COMPARATIVE STUDY OF THE SELECTED IT COMPANIES IN INDIA)

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ABSTRACT

Human Resource Accounting (HRA) is another part of bookkeeping. It depends on the customary idea that all consumption of human capital development is treated as a charge against the income of the period as it doesn't make any physical resource. In any case, now daily this idea has changed and the expense caused on any advantage (as HR) ought to be promoted as it yields benefits quantifiable in fiscal terms. Human Resource Accounting implies representing individuals as the hierarchical assets. It is the estimation of the expense and estimation of individuals to associations. It includes estimating costs acquired by private firms and open segments to enlist, select, contract, train and create representatives and judge their financial incentive to the association. In this paper, an effort has been made to explain the factors of HR accounting practices and its implication in IT industry.

KEYWORDS*: HR Accounting, Human Capital Development, IT Industry.*

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Introduction

HR are considered as essential resources and are not quite the same as the physical resources. Physi-cal resources don't have sentiments and feelings, while human resources are exposed to different sorts of emotions and feelings. Similarly, not at all like physical resources human resources never gets deteriorated. In this manner, the valuations of HR alongside different resources are likewise required with the end goal to discover the aggregate expense of an association. In 1960s, Rensis Likert alongside other social analysts made an endeavor to characterize the idea of human asset bookkeeping (HRA).

Requirement for HRA

The requirement for human resource valuation emerged because of developing worry for human relations manage-ment in the business.

- Under regular bookkeeping, no data is made accessible about the HR utilized in an association, and without individuals the money related and physical assets can't be operationally compelling.

- The costs identified with the human association are charged to current income as opposed to being treated as ventures, to be amortized over some stretch of time; with the outcome that extent of net pay is fundamentally contorted. This makes the appraisal of firm and between firm examinations troublesome.

- The efficiency and productivity of a firm to a great extent relies upon the commitment of human resources. Two firms having indistinguishable physical resources and working in a similar market may have diverse returns because of contrasts in human resources. In the event that the estimation of human resources is overlooked, the aggregate valu-ation of the firm ends up troublesome.

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- On the off chance that the estimation of HR isn't appropriately revealed in benefit and misfortune record and accounting report, the essential demonstration of the executives on human resources can't be seen.
- Costs on enrollment, preparing, and so on are treated as costs and discounted against income under ordinary bookkeeping. All costs on HR are to be treated as speculations, since the advantages are gathered over some undefined time frame.

Destinations of HRA

Rensis Likert portrayed the accompanying destinations of HRA:

- Giving cost esteem data about procuring, creating, assigning and keeping up HR.
- Empowering the executives to screen the utilization of HR.
- Discovering deterioration or thankfulness among HR.
- Helping with creating successful administration rehearses.
- Expanding administrative attention to the estimation of HR.
- For better human asset arranging.
- For better choices about individuals, in light of enhanced data framework.
- Aiding viable usage of labor.

Strategies for Valuation of Human Resources

There are sure strategies upheld for valuation of HR. These techniques incorporate histori-cal strategy, substitution cost technique, present esteem technique, opportunity cost strategy and standard cost technique. All techniques have certain advantages and in addition confinements.

Advantages of HRA

There are sure advantages for bookkeeping of HR, which are clarified as pursues:

- The arrangement of HRA unveils the estimation of HR, which helps in appropriate translation of profit for capital utilized.
- Administrative basic leadership can be enhanced with the assistance of HRA.
- The execution of human asset bookkeeping obviously distinguishes HR as valu-able resources, which helps in avoiding abuse of HR by the bosses and also the administration.
- It helps in proficient usage of HR and understanding the underhanded impacts of work distress on the nature of HR.
- This framework can expand efficiency on the grounds that the human ability, dedication, and aptitudes are consid-ered significant resources, which can support the resolve of the representatives.
- It can help the administration for executing best strategies for wages and pay organization.

Statement of the Problem

Followings are the main statement of the problem of the research:

- Do any HR accounting practices exist in IT companies?
- Why HR accounting practices are essential?
- What are the main factors that affect HR accounting practices in IT companies?
- What is the role of top management in managing HR accounting?

Objectives of the Study

The main object of this study is to understand the HR accounting practices in selected companies in India viz. HCL; IBM and TCS and apart from this the other objectives of the study are as follows:

- To examine the practices followed by selected companies in India.
- To compare and contrast human resources valuation methods followed by selected public and private sector companies in India.
- To give suggestions for improvement in HRA practices in selected companies in India.

Scope of the Study

In modern are, HR plays an important role in GDP of India. It is a broad area by which every business is growing nationally as well internationally. The present study in the selected companies is very important for diverse workforce. The main object of this study is to find out the HR accounting practices in selected companies in India. This study is specially focuses on all the factors of existence of the HR accounting practices. With the help of this study, the parameters of performance appraisal and conflicts are studied and it also helps to improving the efficiency and performance of the employees at workplace.

Hypotheses of the Study

Following are the main hypothesis of the present study:

H_{01}:   The valuation techniques used by the selected companies are not significant.

H_{02}:   There is no significant difference between HR accounting practices in selected IT companies

Universe of Study

The arrangement of sampling for the study has been formulated on the basis of the background of the study. Followings are the main standards for sampling in data collection in this study:

Target Universe   :   Employees of the Selected Companies in India (BHEL, SAIL, INFOSYS and ACC)

Sampling Method   :   Convenience Sampling

Sample Size   :   400 employees (100 from each company)

Sample Design

The study was conducted on the employees of selected companies in India from the four major cities. For this purpose, employees were selected from 18 years to 60 years on the basis of availability and their convenience.

Comparative Rank Analysis of Selacted Variables Used in the Study of Selected Companies

The Comparative rank analysis of the selected variables used in the study of selected companies shown in following table:

Table 1: Comparative Rank Analysis of Variables used in the Study of Selected Companies

S. No.	Variables	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Total	Weighted Mean	Rank
1	HR accounting means primarily safety for human values and benefits.	54	290	11	62	33	450	1589.2	**12**
2	The term HR accounting means all human resource accounting for employees benefits.	74	265	25	65	21	450	1636.4	**11**
3	HR accounting now-a-days can be avoided.	52	260	26	89	23	450	1557.5	**13**
4	HR accounting only exists in certain companies areas of the world.	90	264	16	70	10	450	1694.7	**9**
5	HR accounting has increased more recently because organisation follows a trend of human transactions.	95	310	12	24	9	450	1799.6	**4**
6	An organisation that promotes HR accounting at the workplace must provide equal treatment to all employees.	131	292	12	10	5	450	1879.3	**2**

7	An organisation that promotes HR accounting should provide differential treatment based on employees performance.	104	228	12	95	11	450	1658.7	**10**
8	HR accounting is an important element in building quality workforce.	55	337	26	13	19	450	1728.3	**8**
9	There will be fewer conflicts if there is proper HR accounting practices in company.	106	281	28	13	22	450	1765.5	**6**
10	Companies employ variety of employees.	115	295	22	13	5	450	1847.3	**3**
11	Companies provide staff welfare facilities to all employees.	96	275	50	17	12	450	1764.8	**7**
12	Companies provide equipment's to make all areas accessible to people of all abilities.	45	240	48	47	70	450	1427.7	**14**
13	Companies have proper welfare schemes for employees.	24	45	120	181	80	450	1027.3	**16**
14	Companies host seminars and workshops for HR accounting practices.	11	18	80	150	191	450	679.73	**18**
15	Companies have a HR accounting officer or another employee with special knowledge of HR accounting.	15	16	44	250	125	450	779.33	**17**
16	Companies guarantee promotions and pay rises based on merit only.	65	75	85	149	76	450	1183.1	**15**
17	The Government interference plays an important role in HR accounting management.	192	175	27	28	28	450	1798.9	**5**
18	HR accounting practices help in effective human relation at workplace.	299	99	17	24	11	450	1990.7	**1**

Source: Primary Data

Inference Drawn

It is clear from the above table that an effective human relation through HR Accounting plays an important role in this study and it is ranked first in the selected companies during the period of study. While, equal an opportunity is ranked second. The diverse range of employees is ranked third and trend of human transactions is marked at fourth. The Government Interference marked at fifth and HR Accounting practices at sixth. The factor which are ranked seventh and eighth are staff welfare activities of employees and building quality workforce. The ninth and tenth ranks are geographical areas and employees' performance. The rank eleventh and twelfth are employees benefits and human values and beliefs. The thirteenth rank is provided to avoidance of HR accounting. The fourteenth, fifteenth and sixteenth rank is marked to equipment's for managing HR accounting, promotions based on merits and proper welfare schemes. The seventeenth and eighteenth are ranked to HR accounting expert and hosting seminars.

Correlation Analysis of the Variables of HR Accounting

The correlation analysis of the major dependent and independent variables is shown in the following table:

Table 2: Correlation between Dependent Variables and Independent Variables of HR Accounting Practices

Pearson's R Asymp. Sig.							
	Gender	Age	Income	Religion	Disability	Educational Qualification	Range
human values and beliefs	0.0570	**0.9610**[1]	0.8640	0.6570	0.2050	0.8080	0.9040
employees benefits	**0.8440**[1]	0.0160	0.2830	0.6840	0.3930	0.7970	0.8280
HR Accounting practices	0.0010	**0.9880**[2]	0.3730	0.8780	0.6160	0.2780	0.9870
Geographical Area	0.1530	0.5740	**0.7460**[1]	0.3420	0.3860	0.4540	0.5930
employees' performance	0.7740	0.2490	**0.8180**[2]	0.2970	0.0600	0.0200	0.7980
staff welfare activities of employees	0.0010	0.0000	0.0620	0.0760	**0.2080**[1]	0.2040	0.2080
Government Interference	0.5310	0.6350	0.0040	**0.8290**[1]	0.5760	0.2370	0.8250
trend of human transactions	0.0010	0.0000	0.0390	0.0040	**0.7820**[2]	0.1750	0.7820
equipment's for managing HR accounting	0.0640	0.8370	0.2190	0.5900	**0.9980**[3]	0.3380	0.9340
Building Quality Workforce	0.3710	0.1050	0.0060	0.1450	**0.5890**[4]	0.0060	0.5830
diverse range of employees	0.0360	0.1930	**0.9840**[3]	0.9240	0.0200	0.0250	0.9640
promotions based on merits	0.4430	0.0050	**0.9370**[4]	0.0420	0.2710	0.6500	0.9320
avoidance of HR accounting	0.3850	0.0000	0.0380	**0.8560**[2]	0.6530	0.0930	0.8560
effective human relation	0.0650	0.0220	0.1640	0.0680	0.5970	**0.6690**[1]	0.6470
equal opportunities	**0.9100**[2]	0.0020	0.0060	0.4150	0.0060	0.0020	0.9080
proper welfare schemes	0.1010	0.0080	0.1630	0.3430	**0.5600**[5]	0.0150	0.5520
HR accounting expert	**0.6750**[3]	0.4700	0.0270	0.3450	0.5300	0.2490	0.6480
hosting seminars	0.1660	0.3040	0.6220	0.0010	0.1040	**0.7140**[2]	0.7130
Range = H - L	0.9090	0.9880	0.9800	0.9240	0.9920	0.8680	**0.909**

Source: Primary Data

Inference Drawn

On the whole, it can be drawn that HR accounting practices majorly related with the income level and disability of the employees of the selected companies in India. It can also be explained by the following table:

Table 3: Consolidated Correlation between Dependent Variables and Other Factors

Variables	Factors	R Value	Weight	Product	Weighted Mean
Income	Geographical area	0.7460	4	2.984	0.83 (III)
	employees' performance	0.8180	3	2.454	
	diverse range of employees	0.9840	2	1.968	
	promotions based on merits	0.9370	1	0.9370	
	Total	10	8.343	
Disability	staff welfare activities of employees	0.2080	5	1.04	0.59 (IV)
	trend of human transactions	0.7820	4	3.128	
	equipment's for managing HR accounting	0.9980	3	2.994	
	Building Quality Workforce	0.5890	2	1.178	
	proper welfare schemes	0.5600	1	0.5600	
	Total	15		
Gender	employees benefits	0.8440	3	2.532	0.84 (II)
	equal opportunities	0.9100	2	1.82	
	HR accounting expert	0.6750	1	0.675	
	Total	6	5.027	
Age	human values and beliefs	0.9610	3	2.883	0.974 (I)
	HR Accounting practices	0.9880	2	1.976	
	Diversity officers for awareness	0.9850	1	0.985	
	Total	6	5.844	
Educational Qualification	effective human relation	0.6690	2	1.338	0.228 (V)
	Host seminars	0.7140	1	0.714	
	Total	3	2.052	

Religion	Government Interference	0.8290	2	1.658	0.84 (II)
	avoidance of HR accounting	0.8560	1	0.856	
	Total		**3**	**2.514**	

Inference Drawn

It is clear from the above table that the major factors relating to the HR accounting practices in selected companies under the study are income, disability, gender, age, educational qualification and religion. The first rank is marked on age whose weighted mean is 0.974. The second rank is marked to gender and region because the weighted mean of these factors is 0.84; the third rank is marked to income whose weighted mean is 0.83; the fourth rank is marked to disability at 0.59 and the fifth rank is marked to educational qualification at0.228. It is, therefore, concluded that the existence of HR Accounting practices in the selected companies related to age, income, religion, gender, disability and educational qualification are correlated.

Table 4: Cross Tabulation of HR Accounting Practices and Awareness of HR Policies

		Awareness of HR Policies					Total
		Strongly Agree	**Agree**	**Neutral**	**Disagree**	**Strongly Disagree**	
HR Accounting Practices	Count	84.00	7.00	2.00	11.00	2.00	106.00
	% within DMP	79.25	6.60	1.89	10.38	1.89	100.00
	% within HR Policies	28.09	7.07	11.76	45.83	18.18	23.56
	% of Total	18.67	1.56	0.44	2.44	0.44	23.56
	Count	192.00	63.00	10.00	10.00	6.00	281.00
	% within DMP	68.33	22.42	3.56	3.56	2.14	100.00
	% within HR Policies	64.21	63.64	58.82	41.67	54.55	62.44
	% of Total	42.67	14.00	2.22	2.22	1.33	62.44
	Count	13.00	8.00	3.00	3.00	1.00	28.00
	% within DMP	46.43	28.57	10.71	10.71	3.57	100.00
	% within HR Policies	4.35	8.08	17.65	12.50	9.09	6.22
	% of Total	2.89	1.78	0.67	0.67	0.22	6.22
	Count	4.00	8.00	0.00	0.00	1.00	13.00
	% within DMP	30.77	61.54	0.00	0.00	7.69	100.00
	% within HR Policies	1.34	8.08	0.00	0.00	9.09	2.89
	% of Total	0.89	1.78	0.00	0.00	0.22	2.89
	Count	6.00	13.00	2.00	0.00	1.00	22.00
	% within DMP	27.27	59.09	9.09	0.00	4.55	100.00
	% within HR Policies	2.01	13.13	11.76	0.00	9.09	4.89
	% of Total	1.33	2.89	0.44	0.00	0.22	4.89
Total	Count	299.00	99.00	17.00	24.00	11.00	450.00
	% within DMP	66.44	22.00	3.78	5.33	2.44	100.00
	% within HR Policies	100.00	100.00	100.00	100.00	100.00	100.00
	% of Total	66.44	22.00	3.78	5.33	2.44	100.00

Table 5

Chi-Square Tests			
	Value	**d.f.**	**Asymp. Sig. (2-sided)**
Pearson Chi-Square	66.106[a]	16	0.0000
Likelihood Ratio	64.1953	16	0.0000
Linear-by-Linear Association	8.1800	1	0.0042
N of Valid Cases	450		
a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .32.			

Inference Drawn

It is clear from the above table that the value of Pearson Chi-square is 66.106; p value is 0.000 which indicated that the null hypothesis is rejected hence there is an effective accounting system regarding human resource in the selected companies under study. Hence, it can be concluded that there is a no significant difference between the HR accounting practices among the selected IT companies.

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