

Analysis of Perception of Professionals on Disclosures of Human Resource Accounting

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ABSTRACT

Human Resource is a dynamic factor for any organisation. It deserves an equivalent importance along with other physical assets. That is the reason that it must also be integrate in accounting records. In this regards, 175 responses from different professionals like, lecturers, experts, and chartered accountants have been obtain. Their views and beliefs for disclosures of human resource accounting have been obtain and analysed. This paper attempts to find out the respondents perception of professionals for discourse of human resource accounting details in financial reports.

1. Introduction

Accounting is fundamentally concerned with the recording of business transactions in a lucid manner so that it will be helpful to management for their decision making. Certain specific rules and regulations follow them. Even it is limited to one particular period. Any expenses incurred in business or any income received, it is immediately recorded in a specific book.

Since, while recording, it is considering whether it is long term or short term, i.e. like revenue nature or capital nature. This rule applied to all transactions, e.g. payment of rent for the building is taken as expense concerned with short term period (revenue) affected to profit and loss of the business. Likewise, the purchase of the building is considered as a capital expense, which is not only connected to the current year but also concerned with the future. Further, depreciator is charged on such asset, i.e. slowly and gradually the value of asset reduced and such reduction (depreciation) will be affected by profit & loss of such respective financial period.

This ideology can also be applied to the human resource of the organisation. The remuneration paid to human beings in the organization taken as revenue expenses and transferred to Profit & Loss Account. While human beings of a business organization who contribute to the growth and development of business, are not directly taken as an asset like other assets. Moreover, the value of other assets reduced day by day due to depreciation, but as per one aspect value of human resource will be increased due to increment in their knowledge and experience.

In this way, a primary survey has been conducted with different professionals for disclosure of human resource accounting information. In this regard information have been obtained through questionnaire by total 175 professionals and analysed in context with their perception for human resource accounting disclosure.

2. Descriptive analysis of employees response

The summary of information obtained from employees has been presented in following tables:

Table-1: Perception of Professionals for Disclosure of Human Resource Accounting Information:

(Part-I)

Sr. No.	Particulars	No. of Responses		Total Respondents	(%)
		Yes	No		
(1)	Do you consider human resource as an asset?	175	0	175	100
(2)	Do you agree human resource of an organisation should be accounted?	175	0	175	100
(3)	If you are agree then which of the following factors you believe to be incorporate for Human Resource Accounting?				
(A)	No. of Employees	123		175	70.29
(B)	Age of Employees	120		175	68.57
(C)	Classification of employees as per their gender and their working class etc.	83		175	47.43
(D)	No. of years of experience of the employee within the current firm	140		175	80.00
(E)	No. of years of total experience of the employee	144		175	82.29
(F)	Amount paid by the firm by way of:				
	(i) Salary	149		175	85.14
	(ii) Wages	44		175	25.14
	(iii) Bonus	107		175	61.14

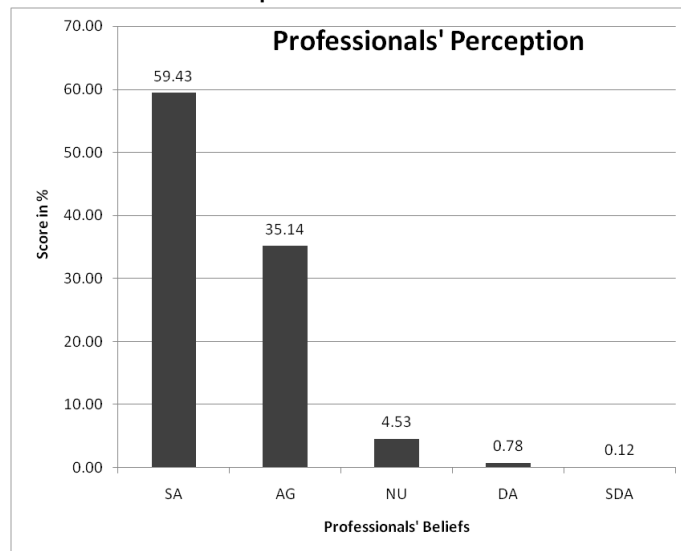
	(iv)	Gratuity	48	175	27.43
	(v)	Pension	94	175	53.71
	(G)	Provident Fund Contribution by Employees	111	175	63.43
	(H)	Provident Fund Contribution by Employer or Firm	124	175	70.86
	(I)	Employee Welfare Expenses incurred by the Firm	113	175	64.57
	(J)	Total value of amenities provided by the firm to employees	103	175	58.86
	(K)	Total amount provided by the firm for employees	136	175	77.71
		Average % of Responses			66.86

(Part-II)

No.	Particulars	SA	AG	NU	DA	SDA	Total
1.	Human Resource is an important asset and should be valued alongwith other physical assets of the firm.	141	32	1	0	1	175
2.	Human resource accounting is not costly.	60	93	16	5	1	175
3.	Human Resource Accounting should be reported in financial statements to disclose true and correct picture of the firm.	101	67	5	2	0	175
4.	After considering Human Resource Accounting and disclosure in Annual Reports, the impression of the organisation increases.	107	57	9	2	0	175
5.	Human Resource Accounting and its disclosure helps to increase profitability and productivity of the firm.	114	54	5	2	0	175
6.	Human Resource Accounting is helpful for planning, recruitment, development and control of human resource in organisation.	120	50	5	0	0	175
7.	Human Resource Accounting is useful for decision-making.	101	64	9	0	1	175
8.	Human Resource Accounting and its disclosure should be made mandatory for organisation.	73	83	19	0	0	175
9.	Human Resource Accounting and its disclosure helps investors to take decision for investment in the company.	104	62	7	2	0	175
10.	Human Resource Accounting makes positive impact in the eyes of stakeholders like shareholders, debenture holders, banks, government, creditors, public and employees etc.	105	62	7	1	0	175
11.	Human Resource Accounting should give proper importance there should be a specific and common accepted accounting system.	103	55	14	3	0	175
12.	There should be specific Accounting Standard for Human Resource Accounting.	103	64	8	0	0	175
13.	Human Resource Accounting helps for the development of the employees and for the firm as well.	115	55	4	1	0	175
14.	Human Resource Accounting increases the value of the firm and its prestige.	109	63	2	1	0	175
	Total	1456	861	111	19	3	2,450
	Score in %	59.43	35.14	4.53	0.78	0.12	100

The above beliefs of professionals for disclosure of Human Resource Accounting information in annual reports of the company may also be presented in graphical manner as follows:

Graph 6.2: Professionals' Perception for Disclosure of Human Resource Accounting:



3. Conclusion

The above analytical table presents in Part-I, disclose the beliefs of professionals for presentation of specific Human Resource information. In the case of first information (i.e. number of employees), out of 175 respondents, 123 respondents are in view to incorporate and present the information of number of employees in annual report. It means 70.29% respondents are in belief for presentation of such information. By this way, all 17 information have been observed and analysed that on an average 117.00 responses out of 175 are in favour of presentation of human resource accounting information i.e. 66.86% responses. It shows that majority

people are in favour of Human Resource Accounting reports and its presentation.

Further in Part-II, after questioning different expectation in regard to Human Resource Accounting information, it has been analysed that, out of total 2,450 responses, 1,456 responses are strongly agree for presenting information. i.e. 59.43% responses are in favour; 861 responses are agree for presenting information, i.e. 35.14% responses are in favour of presentation of Human Resource Accounting in annual report. So, it can be said that 2,317 responses are in favour i.e. 94.57% responses are in positive approach for of presentation of information for Human Resource Accounting disclosure.

Abbreviation:

SA = Strongly Agree
AG = Agree
NU = Neutral
DA = Disagree
SDA = Strongly Disagree

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