

# Analysis of Investors' Perception on Human Resource Accounting Disclosures

Jaykumar D. Mistry

Ph. D., Research Scholar, S. D. School of Commerce, Gujarat University, Ahmedabad-09 (India)

## ARTICLE DETAILS

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## ABSTRACT

Human beings working in any organisation is an important element. Though company have enormous physical resource like, huge building, lots of machineries, advance technologies, etc. but it is accepted that without human beings they are worthless. That's why employees' i.e. human beings of the company is taken as an important asset. In this research paper viewpoints from 175 investors have been collected for their opinions for disclosing such live asset in financial reports of the firm.

## 1. Introduction

Accounting as being a practice – engaged in the collection and presentation of financial information to assist a wide-ranging decision-making process. It is based on specific rules, procedures, and techniques which have evolved over some time as a consequence of social-economic-political-legal conditions, restraints, and influences. Many managers believe that the accounting function has failed to adjust its objectives and activities to the decision-making requirements of a changing business world. One of the reason is that all assets have been considered except a live asset i.e. Human Resource.

Moreover, as simple example, a knowledgeable manger takes a sound decision, skilled employees working efficiently and experience worker who increased productivity, all these efforts results in increasing return on investment. That's why it is worth to disclose such an important property. In this paper, a primary survey has been conducted with 175 investors for disclosing necessary information of human resource accounting. To obtain their response, 175 investors have been approached and views in this regard have been obtain.

## 2. Descriptive analysis of investors' response:

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

Table 1: INVESTORS' PERCEPTION FOR DISCLOSURE OF HUMAN RESOURCE ACCOUNTING: (PART-I)

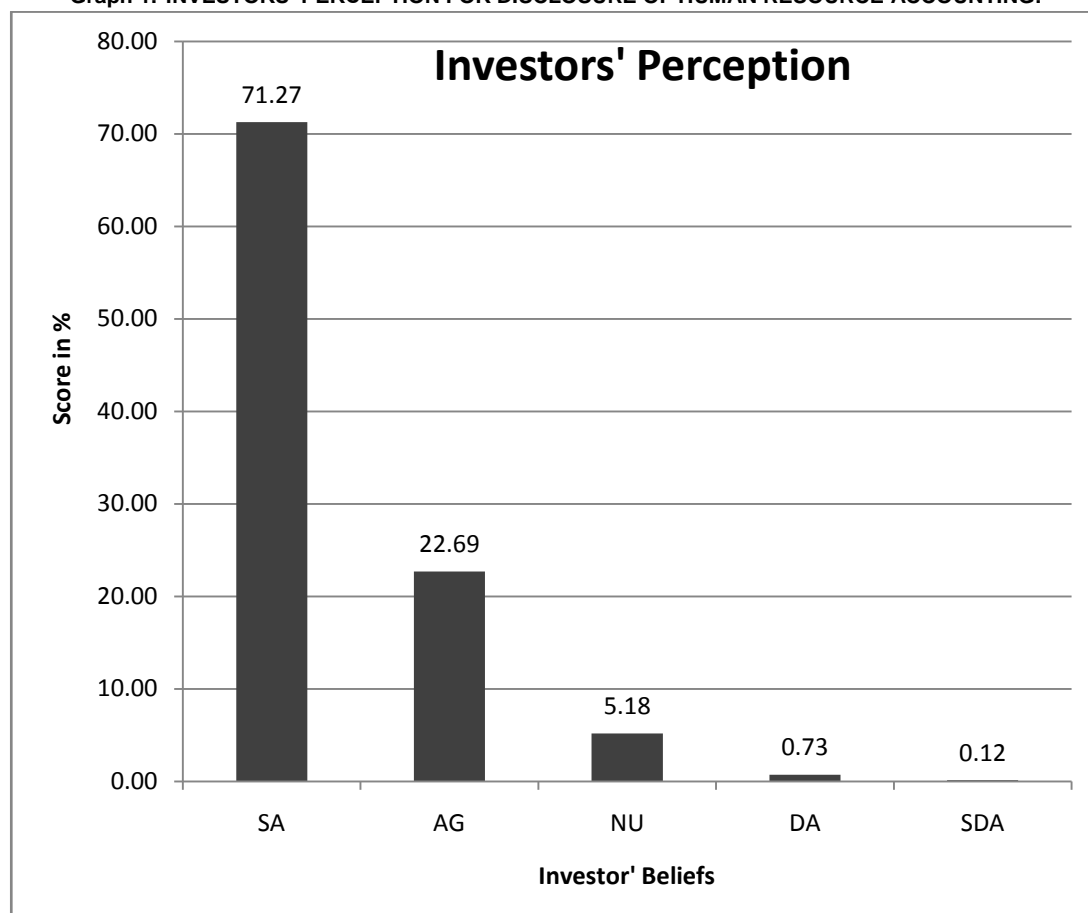
Sr. No.	Particulars	No. of Responses		Total Respondents	(%)
		Yes	No		
(1)	Do you consider Human Resource as an asset?	175	0	175	100
(2)	Do you agree Human Resource of an organisation should be accounted?	175	0	175	100
(3)	If you are agree then which of the following factors you believe to be incorporate for Human Resource Accounting?				
(A)	No. of Employees	150		175	85.71
(B)	Age of Employees	125		175	71.43
(C)	Classification of employees as per their gender and their working class etc.	137		175	78.29
(D)	No. of years of experience of the employee within the current firm	144		175	82.29
(E)	No. of years of total experience of the employee	154		175	88.00
(F)	Amount paid by the firm by way of:				
	(i) Salary	161		175	92.00
	(ii) Wages	98		175	56.00
	(iii) Bonus	122		175	69.71
	(iv) Gratuity	95		175	54.29
	(v) Pension	100		175	57.14
(G)	Provident Fund Contribution by Employees	149		175	85.14
(H)	Provident Fund Contribution by Employer or Firm	149		175	85.14
(I)	Employee Welfare Expenses incurred by the Firm	137		175	78.29
(J)	Total value of amenities provided by the firm to employees	142		175	81.14
(K)	Total amount provided by the firm for employees	147		175	84.00
	<b>Average of Responses</b>	138.82		175	<b>79.33</b>

## (PART-II)

No.	Particulars	SA	AG	NU	DA	SDA	Total
1.	Human Resource is an important asset and should be valued along with other physical assets of the firm.	141	29	5	0	0	175
2.	Human Resource Accounting is not costly.	110	47	10	8	0	175
3.	Human Resource Accounting should be reported in financial statements to disclose true and correct picture of the firm.	130	35	9	1	0	175
4.	After considering Human Resource Accounting and disclosure in Annual Reports, the impression of the organisation increases.	118	46	11	0	0	175
5.	Human Resource Accounting and its disclosure helps to increase profitability and productivity of the firm.	130	39	5	1	0	175
6.	Human Resource Accounting is helpful for planning, recruitment, development and control of Human Resource in organisation.	125	39	11	0	0	175
7.	Human Resource Accounting is useful for decision-making.	126	39	9	1	0	175
8.	Human Resource Accounting and its disclosure should be made mandatory for organisation.	113	50	9	2	1	175
9.	Human Resource Accounting and its disclosure helps investors to take decision for investment in the company.	129	37	8	1	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.	125	37	12	1	0	175
11.	Human Resource Accounting should give proper importance there should be a specific and common accepted accounting system.	116	48	10	1	0	175
12.	There should be specific Accounting Standard for Human Resource Accounting.	120	41	13	0	1	175
13.	Human Resource Accounting helps for the development of the employees and for the firm as well.	132	34	9	0	0	175
14.	Human Resource Accounting increases the value of the firm and its prestige.	131	35	6	2	1	175
	<b>Total</b>	<b>1,746</b>	<b>556</b>	<b>127</b>	<b>18</b>	<b>3</b>	<b>2,450</b>
	<b>Score in %</b>	<b>71.27</b>	<b>22.69</b>	<b>5.18</b>	<b>0.73</b>	<b>0.12</b>	<b>100</b>

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

Graph 1: INVESTORS' PERCEPTION FOR DISCLOSURE OF HUMAN RESOURCE ACCOUNTING:



### 3. Conclusion

The above analytical table presents in **Part-I**, disclose the beliefs of Investors for presentation of specific Human Resource information. In the case of first information (i.e. number of employees), out of **175** respondents, **150** respondents are in view to incorporate and present the information of number of employees in annual report. It means **85.71%** respondents are in belief for presentation of such information.

By this way, all **17** information have been observed and analysed that on an average **138.82** responses out of **175** are in favour of presentation of Human Resource Accounting information i.e. **79.33%** 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, **1,746** responses are strongly agree for presenting information. i.e. **71.27%** responses are in favour; **556** responses are agree for presenting information, i.e. **22.69%** responses are in favour of presentation of Human Resource Accounting in annual report.

So, it can be said that **2,302** responses are in favour i.e. **93.96%** responses are in positive approach for of presentation of information for Human Resource Accounting Disclosure.

### References

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- (3) Kolay M. K., (1996), "Human Resource Accounting", the Institute of Cost and Works Accountants of India, Calcutta

### Abbreviation:

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