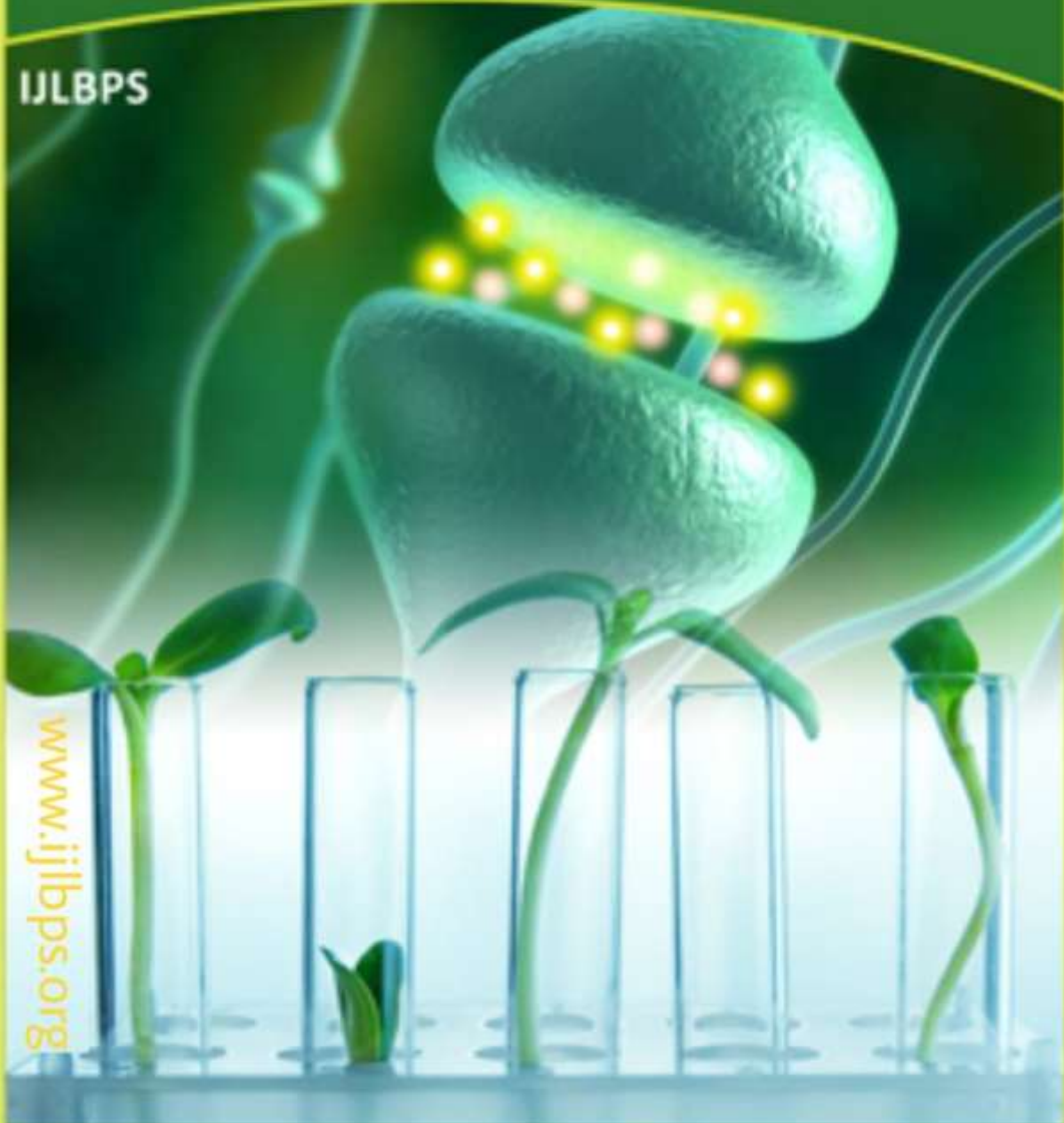




ISSN 2395-650X

**International Journal** of  
Life Sciences Biotechnology Pharma Sciences

IJLBPS



[www.ijlbps.org](http://www.ijlbps.org)

E-mail: [editorijlbps@gmail.com](mailto:editorijlbps@gmail.com) [editor@ijlbps.org](mailto:editor@ijlbps.org)

## **VALUBLE ASPECTS OF HUMAN RESOURCE ACCOUNTING (HRA)ON INDIA NOR GANISATIONS**

**Mriduljain**

(M.B.A, M.Com, B.Ed, NET(Commerce), NET  
(Mgt)(AssistantProfessor,DepartmentofCommerceandManagement)  
SDSCBADAMIACOLLEGE OF PROFESSIONAL STUDIES VARKANA, PALI, RAJASTHAN (INDIA)  
Emailid:mriduljain09@gmail.com

---

### **ABSTRACT**

The success or failure of a company is directly related to the quality and performance of its workforce. Human resources are undervalued because firms view pay as a cost rather than an investment in the most crucial asset of their business, the employees' training and development. Currently, the accounting system is unable to provide the true worth of an employee's skills and knowledge. This has an impact on a company's future investments in human capital, as the expense of recruiting and training new employees rises year after year. Human capital is one of the most critical components of any organization, and the goal of human resource accounting is to give data on the organization's assessment of this vital resource. The purpose of this article is to demonstrate the importance of human resources to an organization, what human resource accounting is, what its ramifications are, and what its main goals are..

---

**KEYWORDS:** Human resource accounting (HRA), Organization and Employees

---

### **INTRODUCTION**

Recent years have seen a dramatic shift of economic, political, and social conditions that have resulted in a larger globalization and greater rivalry. Corporations are becoming more powerful, and with that strength comes increased accountability, thus they've begun placing greater emphasis on CSR (corporate social responsibility). Product quality and environmental preservation have become

increasingly important concerns for consumers.

Even if our economy is in a terrible state, it will get better. This is why it is critical to understand how human capital investment might help solve this problem. In a knowledge-based economy, employees are the most valuable asset of a company. There are typical organizations growing in the knowledge economy.,

known as knowledge or cognitively-intensive businesses In organizations where knowledge is more important than other inputs, the phrase "knowledge-intensive" is used to describe them. A person's human and economic characteristics are unique to knowledge. Human capital, the needs and preferences of customers (customer capital), as well as goods, processes, capabilities, and its systems are all examples of firm knowledge (structural capital).

As a result, knowledge assets have the potential to outperform tangible assets in terms of dollar worth. This can be deduced from analyses of firms like Microsoft.

### OBJECTIVES HUMAN RESOURCES ACCOUNTING

The most important objectives and purposes of HRA:

1. It provides companies with information about the cost and value of its human resources.



2. It provides companies with a guide for human resource decisions about acquiring, allocating, developing, and maintaining human resources to attain cost-effectiveness.

3. It motivates managers and decision makers to look at decisions through a human resource point of view.

4. It allows management personnel to monitor effectively the use of human resources.

### NEED OF HUMAN RESOURCE ACCOUNTING

Human Resource Accounting provides useful information to the management, financial analysts and employees as stated below

### ORIGIN OF HUMAN RESOURCE ACCOUNTING

An appreciation for both the young and the aged. It is clear from the study of Indian history that Emperor Akbar placed a high value on the nine gems. Those who fought for India's independence, such as Shri Motilal Nehru, Mahatma Gandhi, Sardar Vallabh Bhai Patel, and Pandit Jawahar Lal Nehru, will forever be remembered. There has been no attempt to assign any monetary worth to the persons listed above, despite the immeasurable suffering they have endured. From the 1960s forward, behavioral scientists began the appropriate work to estimate the value and cost of human beings..

1. Human Resource Accounting helps the management in the Employment, locating and utilization of human resources.

2. It provides a basis for planning of physical assets and human resources.

3. It assists in evaluating the expenditure incurred for imparting further education and training in employees in terms of the benefits derived by the firm.

4. It helps to identify the causes of high labour turnover at various levels and taking preventive measures to contain it.

5. It helps in locating the real cause for low return on investment, like improper or underutilization of physical assets or human resource or both.

6. It helps in understanding and assessing the inner strength of an organization and helps the management to steer the company well through most adverse and unfavorable circumstances.

#### **HUMAN RESOURCE ACCOUNTING IN INDIAN ORGANIZATIONS**

Human Resource Accounting Practicing Companies in India Even though, many benefits have contributed by HRA, yet its development and application in different industries has not been encouraging. Human resources information cannot be included in financial statements in India because the Companies Act, 1956, does not allow for it. Some Indian companies, both public and private, value their human resources and include this information in their annual reports as a result of the growth of business and industry in the country. Human asset appraisal is currently being reported by a number of companies.:

1. Bharat Heavy Electrical Ltd (BHEL).
2. Steel Authority of India Ltd (SAIL).
3. Oil and Natural Gas Commissioning (ONGC).
4. Oil India Ltd.
5. Project and Equipment Corporation of India. (PEC).
6. Engineers India Limited
7. Mineral and Metal Trading Corporation of India. (MMTC).
8. Electrical India Ltd.
9. Hindustan Shipyard Ltd.
10. Cement Corporation of India. (CCI).
11. Infosys Technologies Ltd.
12. Tata Engineering and Locomotive Works

13.

Southern Petrochemicals Industries Corporation Ltd (SPIC).

14. Associated Cement Company Ltd (ACC).

15.

National Thermal Power Corporation Ltd (NTPC)

#### **METHODS FOR HUMAN RESOURCES ACCOUNTING**

1. Present Value model: As a result of his present value technique, people should be valued based on their future contributions to the company. To put it another way, they describe an individual's value to their organization as a current estimate for how much value they will provide over time by providing a specific set of future services to the organization.

2. Original Cost model: According to Brummett, training and development costs should be capitalized because they are part of the original costs. As he sees it, training and development is supposed to have a long-term positive impact on both the individual and the company. Other recruitment-related expenses, however, should be accounted for as period costs, according to him. Few companies, including R. G. Barry, have used the original cost method.

3. Historic cost model: An employee's worth can be calculated using the total history expenditures connected with recruiting and retaining an employee, making the historic cost technique one of the more prevalent ways. This approach necessitates tracking the total cost of the employee's compensation. This approach has the drawback of necessitating judgment calls on which costs should be expensed and which should be capitalized. Human resource costs can be classified as either training or educational in order to determine whether or not they should be capitalized or expensed. In this case, the cost of training would cover all expenses related to the employee's present position.

4.

#### **IMPORTANCE OF HUMAN RESOURCES ACCOUNTING**

Importance of Developing methods for Human Resources Accounting A survey research

was conducted in utilizing component analysis and two reasons were found why measuring human Resourcefulness is crucial. The first is that measurement reflects the strategic and competitive relevance of human resources, and the second implies that human resources must be expressed in financial terms in order to gain credibility. Strategic human capital planning and budgeting ensures that the best resources are mobilized for each internal process. Too often, organizations focus 100 percent on meeting the financial budget first without considering the impact cost cutting will have on strategy, and note that the financial numbers are a lagging indicator of the effectiveness of the strategy.

#### **CONCLUSION**

Management can use Human Resource Accounting (Human Resources Accounting) to track changes in the company's human resources over time. Accounting for human resources also includes keeping track of the money spent on employees' salaries and benefits, as well as the price tag on hiring and replacing new employees. It appears that valuing human resources is vital to Indian organizations, although few do so, and plans for implementing human resource valuation are still in their infancy. There will be little or

moderate progress made in the valuation sector in the next five to 10 years despite the interest. More work must be done in theory and practice i progress is to be shown.

#### **REFERENCES**

1. Toulson, P.K. & Dewe, P. (2004). HR Accounting as a Measurement Tool. *Human Resource Management Journal*, 14 (2), 75-90.
2. a. Kouhy R, a. Vedd R, a. Yoshikawa T, and a. Innes J (2009). Organizational performance, human resource management, and financial reporting. 3(3): 245-263, *Journal of Human Resources and Cost Accounting*.
3. Human resources accounting: ideas, aims and methods and criticism by Bader Aljamaan (September 2017). Volume 5, No. 7, pp.1-10, *Global Journal of Human Resource Management*.
4. Report of the Committee on Human Resource Accounting of the American Accounting Association, 4. (1973). Vol. XLVIII Supplement of the *Accounting Review*
5. Five. Rajasekhar of Devarapalli (2017). An investigation on the methodologies and practices of human resource accounting in India Dasari. *IJSSIR*, Vol. 2: "Pandurangarao" *International Journal of Social Science & Interdisciplinary Research*