

# The Human Resource Accounting: An Unseen Aspect of Employee Turnover Ratio

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## EDITORIAL BOARD EXCERPT

At the initial time of submitted paper had 20% plagiarism which was later revised to 6% and is an accepted level for publication. The editorial viewpoint is of an observation that article had a successive close watch by the blind reviewer's which at later stages had rectified and amended by authors (Dr. Manikant Dubey, Dr. Rohit Kaushik, Dr. Vineet Sengar) in various phases as and when requisite to do consequently. The reviewers had in beginning stages mention with minor revision with a following stamen which at a small duration streamlined by authors.

The comments in this paper explain everything about it. Author did a fantastic job by explaining the concept of Human resources accounting by elucidating each and every aspect of it. Objective of this paper is very clear and comprehensive which accomplish the needs of society. The data which is collected from various secondary sources are related and justify the objective of the paper. Author have crafted this paper in an organized manner. Conclusion is short and simple which easily explain every aspect of paper nicely.

By and large all the editorial and reviewer's comments had been incorporated in a paper at the end and further the manuscript had been earmarked and decided under "View Point" category as it highlight the main concept of human resources accounting by the point of view of author and

## ABSTRACT

**Purpose:** To safeguard continuous progress and enlargement of any organisation, efficiency of individuals should be amplified in right direction. Deprived of human capitals, other assets cannot be functionally active and proficiently. Human being, ingredients, technologies, finance and procedures are assets needed for an institute, which may be categorized in two groups as human assets and physical assets. Human Assets are considered to be real resources on the other hand, ingredients, technologies, finance and procedures are considered to be inanimate or physical resources.

**Design/Methodology/Approach:** The present research paper emphasises on the basic requirement of human resource accounting in present rapid change environment. Review based Approach.

**Finding:** The researchers put few steps which may be taken by the Government in this regard. The legal framework is not solving this problem but some moral and ethical steps should be taken by the Top management as well as the Government.

**Originality/ Value:** Success of association is created in what way and by which way the inadequate physical assets are operated by the human resource. Therefore efficient and effective operation of limited non mental resources depends principally on the excellence, aptness, skills and personality of employees of organization. In this research, the all researchers tried to throw light on involvement of the human assets and importance in the success of any firm.

**KEYWORDS** Human Resource | Accounting | Training | Welfare | Asset

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## Introduction

A vital resource of organization is its human assets (people). In absence of capable persons at white-collar as well as blue collar level, organization may transpire chasing unsuitable ends. Once objectives are established for effective and vital constituents will then come in afterthought alteration between triumph and distress of an organization is human element. Someone once said “take away all the factories trade, avenues of transportation and in four years, I will have re-established myself”.

## Human Resource Accounting:

### *Meaning:*

Human Assets or man power is measured as important assets as other assets but are not similar as the physical assets. The main difference between physical assets and human assets as the first one does not have spirits and emotions, whereas a human asset is exposed to various feelings and emotions.

So organization does not a composition of manufacturing unit, profession, conveyance, finance or additional real and monetary assets, nevertheless it works as human capitals that are connected collected in a prescribed construction and showed by decision-making headship. The opinion of the entrepreneur was respects with philosophy of “Rensis Likert” who correctly supposed “all activities of any enterprise are stated and determined by the persons who structure that organization; plants, offices, computers and all other automated equipment that modern firms use are unproductive except for human effort and direction.” Nevertheless, this is comprehension of prominence of human assets to bulk of massive establishments nowadays produces Distinct Human Capitals Division so as coach, instruct and expand abilities of managers hence yield in organization is meaningfully increased.

### Need in Present Scenario:

Basically, the behavioural thinkers associated with management of organizations expressed the requirement of human assets accounting as:

1. According to conventional method of accounting, there is no requirement to provide information about human resources working in an organization, but without solicitation of man power, the financial and physical assets maynot be functionally effective and efficiently. Therefore, it is become necessary to express organisational man power in the book of accounts as an asset.
2. The expenditures associated to employees, the organization is claimed to current revenue expenses in place of being preserved investments, reimbursed above period of time, and with outcome that amount of net salary is suggestively discriminating. This makes the assessment of firm and inter-firm comparison troublesome.
3. The yield and cost-effectiveness of a firm fundamentally depends on involvement of human assets. It may be possible that two companies having same indistinguishable real assets and effective in same market may have diverse revenues due to different level of contribution of human capital. If appraisal of human capital is overlooked, total valuation of the firm’s assets converts hard and unfair.
4. If price of human resources is not properly stated in the books of account, the significant act and decisions of management on human assets may not be supposed.
5. Outlays on staffing, training, etc. are preserved as expenditures and written off against future income under conventional method of accounting. All expenses on human resources are to be preserved as investments, since the reimbursements are accrued over a period of time.

## Purposes of Human Resource Accounting (HRA):

Rensis Likert explained the following purposes of Human Resource Accounting:

1. It became easier to calculate the cost based information about procuring, increasing, distributing and preserving human resources.

2. Facultative management to observe the utilization of human resources.
3. Finding devaluation or rise among human resources.
4. Supplementary in framing active management applies as coaching programme.
5. Cumulative social mechanism consciousness of the price of human resources.
6. for healthier human resource arrangement and policies.
7. Supporting in effective consumption of manpower.

## Approaches of Appraisal of Human Capital:

There are few methods advocated for valuation of human resources. These methods include

- historical technique,
- standby overhead technique,
- current value technique,
- occasion overhead technique and
- Typical overhead technique.

## Price of Human Assets

Human assets are assumed as asset, so any overhead suffered in attainment and accrual of human capital will be preserved like investment. Price of human capital shows the costs which will have suffered toward attain as well as improve people in future. Price of human resource else referred to as Past cost of human possessions, are that investment in human resources that have Revenue (expense) and Capital (asset) elements.

**This cost may be categorized as follows:**

- Attainment overhead
- Preparation overhead
- Prosperity overhead and
- Additional overhead

**Attainment cost included the following costs:-**

- i. Staffing overhead
- ii. Collection overhead
- iii. Location overhead
- iv. Campus Dialogue overhead

**Training (Development) cost comprises the following:-**

- i. Official Training overhead
- ii. During the Job Training overhead
- iii. Distinct Training overhead
- iv. Expansion Programmes overhead

**Prosperity Cost includes the following:-**

- i. Medicinal Expenditure
- ii. Cafeteria Expenditure
- iii. Precise and General Allowances
- iv. Families Welfare Expenses
- v. Additional Welfare Expenditure

**Supplementary Costs include the following:-**

- i. Care Expenditure
- ii. Ex-gratia
- iii. Multi-trade inducements

## Calculation of human resource return

The assessment of percentage of yield on human resources is difficult. Huge venture is invested on human assets development by not exploiting such spending, the profit of organization is under assessed. Rate of revenue of human resource may be conveyed as performance measure.

The percentage of yield may be designed on the basis of subsequent parameters:

- a) Assessment of Yield on organization development, and
- b) Assessment of Yield on organizational application.



### a) Assessment of Yield on Organization building:

If an outlay is finished in human assets, this remains basically for resolution of organization development as well as institute effectiveness. In this respect, the hiring and training costs of an individual employee should be determined. Also positioning cost of building employee should be taken into consideration whereas creating such measurements.

### b) Assessment of Yield on Organization application:

Assessment of welfares retained through maximum exploitation of human assets should be done. Further, the fulfilment of purposes by effective use of human capital has to be taken in consideration for the dimension of application.

Combined outcome of organizational capacity development and organizational exploitation of human assets shall be the rate of return on Investment.

## Forms of human assets Intellectual capital.

First but most important human asset is mental wealth that may be explained as singular level as well as at structural level.

On singular level, it denotes his awareness, abilities plus capability. It might be in system of dedicated awareness, implicit understanding and talents, intellectual involvedness and wisdom size.

On structural level, mental assets includes awareness, talents and expertise what worker of organization mutually enjoy, knowledge and proficiency which can be rooted in or else possessed by the organization comprising rights. Information technology centred mostly data arrangements, or specific methods of work.

## Social capital

Social capital is resulting as web of associations, inside and outside. For an institute, social capital

expresses the construction, excellence and adoptability of human relationship that may be formed through associates; inter divisions and mutual purposes, longstanding employment and organizational philosophy.

## Emotional capital

Emotional capital is the combination of assurance, determination, daring, risk-taking quality.

Organizations need high inner energy associated a situation of superiority, reliance, and frankness to make a prejudice for speed and act in quickly moving atmosphere. In today's scenario, most of the businesses are encouraged in emerging emotional measure as individuals in organization are influenced by their sensitive capital for efficiency than their brainpower and practical talents. Emotional assets assistances in dominant such sensations like annoyance, odium, hindrance, misperception, wretchedness, etc. that affect their performance negatively.

## An Example: Hindustan Unilever: The Milestone in Employees' Benefits

Hindustan Unilever Limited, as current corporate front-runner in Fast Moving Consumer Goods segment in India shown significance change which is reflected in a number of human resource policies like retaining of talent, particularly at entrance level. Institutional changes in parent company may create stimulating changes in the branches. The main areas which are considered by HUL for its human resource are as under:

The training and development policy of an organization directly affect the performance of an employee and he feels so closure to the organization. It is the main head on which an organization incurred maximum amount to enhance the skill of its employees.

## 'SPARKLE'

This training programme for blue collar employees was introduced in the year 2010 with purpose of

develop unique training and act management structure that is an innovative method to skill growth of the first stage employees. It standardized performance measure and assessment process across all 30 sites for first stage employees casing approximately ~10,000 employees with purpose to classify high working possible. Seeing outstanding outcomes in Capability and Engagement that Sparkle India has determined till 2014, it has been documented as a Global Best Exercise to be revolved out crossways all Supply Chain components in 2015. Sparkle has developed a global IT tool to achieve Competence and Ability for Blue Band Employees transversely Unilever.

### SiO (Stepping into One)

It is highly focused agenda propelled to encourage and generate the High Latent the first stage personnel and staff and also help organization in retentive the key endowment while consolidation various talents. SiO spaces accountability for livelihood growth of the first stage personnel and staff on Line Manager.

#### HUL investment in human resource in the year 2015-16 and 2016-17

Heads	2017	2016
Salaries, bonus etc.	1330	1245
PF and other funds	81	77
Defined benefits plans expenses	18	19
Share Based payments to employee	94	127
Workmen and Staff welfare expenses	97	105

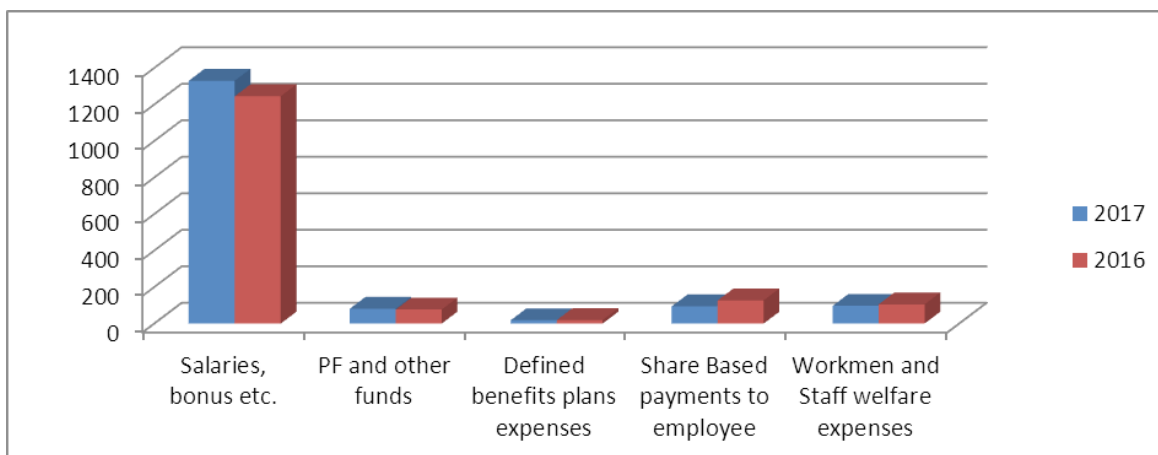
After analysis the financial data, the basis head for employees i.e. their salary and bonus is increased by 85 crore as compare to the year 2015-16. Its means they can expend more on their livelihood and family requirements. For securing their future, the amount transferred into specific funds like PF, was also increased by the company. So, it may be said that HUL mainly focused on increasing the living standard of its employees and wants to ensure the bright and secure future of them.

### Conclusion

Human resource at large scale is the combination of all components such as talents, imaginative abilities, pioneering thinking, awareness and experience influenced by employees. An organization having rich real resources, but cannot be successful. The reason behind this hiring of unskilled and unprofessional employees who are not suitable for such type of the organization. Thus, usefulness of human assets for an organization may not be ignored. Unluckily, up till now usually the present system of bookkeeping not considered an important asset, viz., the human resources as an asset especially in India. So, it is highly recommended to establish such provision in the related Acts and should be developed an AS for the human resource accounting as an important component of the balance sheet.

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**Blind Reviewers Comment**

Author did a fantastic job by explaining the concept of Human resources accounting by elucidating each and every aspect of it. Objective of this paper is very clear and comprehensive which accomplish the needs of society. The data which is collected from various secondary sources are related and justify the objective of the paper. Author have crafted this paper in an organized manner. Conclusion is short and simple which easily explain every aspect of paper nicely. Many opportunities to students to work and find the gap in this area for future research.

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The Editorial Board had used the turnitin plagiarism [http://www.turnitin.com] tool to check the originality and further affixed the similarity index which is 6% in this case (See Annexure-I). Thus the reviewers and editors are of view to find it suitable to publish in this Volume-11, Issue-1, Jan-Mar, 2019

## Annexure 1

ORIGINALITY REPORT			
<b>6%</b>	<b>2%</b>	<b>2%</b>	<b>5%</b>
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS
PRIMARY SOURCES			
<b>1</b>	Submitted to Dayalbag Educational Institute		<b>3%</b>
	Student Paper		
<b>2</b>	www.grin.com		<b>1%</b>
	Internet Source		
<b>3</b>	www.cefipra.org		<b>1%</b>
	Internet Source		
<b>4</b>	Submitted to Indian Institute of Management		<b>1%</b>
	Student Paper		
<b>5</b>	www.vikassingh.co.in		<b>1%</b>
	Internet Source		

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