

Impact of Human Resource Accounting (HRA) on Strategic and Human Resource (HR) Decision Making in the Organization

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Abstract - The influence of human resource accounting (HRA) on the decision-making process in a business with regards to both strategic and HR matters. During the course of this study, an investigation on the impact that HRA has on strategic HR decisions was carried out. The impact may be evaluated by looking at the various questions that were asked on the recruitment budget, attrition control, performance management strategies, and the choice of training course. The HRA data that was retrieved from the secondary sources was treated as if it were already known, which is a limitation of the research.

Keywords - Human Resource Accounting (Hra), Strategic and Human Resource (Hr), Decision Making

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INTRODUCTION

Today, endeavours perceive very well that the essential component which gives them a practical upper hand is their workers. While entering the innovation and information time, obviously the human component is the genuine compelling element in the accomplishment of the undertakings and the accomplishment of supportable upper hand, by getting sorted out its financial resources, data advancements, and consecutively, put together and oversee human resources, while involving authority as long as it has the force of people and their insight and information. Nonetheless, its financial announcing empty 100% of the time of any information connecting with human resources in the undertaking, as far as the level of effectiveness or the degree advancement of these proficiency starting with one period then onto the next, which prompted the extension of examination and conversations regarding what has been named "human resources accounting". The point of this review is to reveal insight into the job of human resources accounting in dealing with the human resource decisively.

Its incorporation in the accounting exposures develops the educational component of financial reports. However, this resource is described by the trouble of estimating and giving solid data about it, which is a significant deterrent to applying the human resources accounting, which requires a more inside and out investigates around here. Human Resource Accounting is relied upon to drive Human Resource

(HR's) change from an attention on Human Resource Management (HRM) to Strategic Human Resource Management (SHRM). This essential job not just adds an important aspect to the HR work, yet in addition changes the skills that characterize HR expert and professional achievement. The review targets researching how job if any treat Resource Accounting (HRA) play in SHRM. It endeavours to inspect how HR experts and chiefs in various organizations see the impacts of HRA on essential HR assignments and job jobs. It additionally attempts to see whether there is any critical distinction in the utilization of HRA between the companies chose with the end goal of our review. This section is to contain a prologue to the issue attempted, goals in light of the exploration questions, and furthermore the way that a one-of-a-kind commitment is made through the examination report. The most common way of setting up the presentation files and estimation for the review is thoroughly and obediently created through the examination questions and theories introduced in the accompanying areas.

Human resource (HR) is the main resource held by an organization today. It is a fascinating and unpretentious resource for direct for a grouping of reasons. Human resources meanwhile address the absolute most unmistakable expected resource and the absolute most vital obligation that an organization gains as it progresses forward ahead. As shown by the resource-put

together point of view with respect to the firm, the essential resources of a firm are generally limited to the intangibles, primarily the human capital. The human capital can't be reproduced and thus fills in as the key component for giving viable high ground to a firm. While there are other tricky resources in an organization, HR is the solitary irrelevant resource that can be affected, yet never completely controlled, put resources into keenly, or wasted carelessly, and still have colossal worth. The estimation of the value of human resources is unquestionably not a straightforward endeavour as it isn't really enjoy various resources. These particular features are what make HR exceptional, and moreover what makes it a tricky resource.

The human capital theory proposed sees people as resources and stresses that endeavour by organizations in people will make gainful returns. It is all over recognized by the organization that people are the differentiators of an undertaking. People are the advantage switch, and this is obvious. The protection trade has seen the impact of human capital by conceding a market a motivator for organization and an advancement organization that outperforms their book regard by a couple of times. All of the resources of an organization, other than people, are dormant. They are dormant resources that require human application to create regard. The best approach to supporting a useful organization is the convenience of the human capital.

The idea of human resource accounting was first evolved by Sir William Petty in the year 1672. Yet, examination into genuine human resource accounting started in the 1930s. Prof. Flamholtz characterizes human resource accounting (HRA) as accounting for individuals as an organizational resource. Along these lines, human resource accounting gives quantitative data about the worth of human resources, which assists the top administration with taking decisions in regards to the sufficiency of human resources. The fundamental standards hidden the HRA are: That individuals are important resources of an organization or venture. 'Data' on the investment and the 'worth' of human resource that can track down place as a resource of the organization—is valuable for decision making in the organization. The income of the corporate substances is gotten from the blend of the four variables of creation. These elements of creation are joined in the traditional financial assertions of an organization. Be that as it may, while three of the four variables (land, capital and business visionary) are addressed as promoted qualities, work is simply perceived to the degree of a derivation as a cost from the working income of a given period.

The distinction in the treatment of the variables of creation produced philosophical reasoning and examination during the 19th century. The examination depended on concentrating on the characteristics of human resource costs and the most effective way of their treatment and consideration in the corporate financial

reports. In this vein, corporate substances were separated into two: fabricating focused and administration arranged companies. The assembling focused companies rely for the most part upon their creation techniques and apparatuses; while the help arranged companies rely for the most part upon the abilities and capacities of their human resource. In this situation, the assembling focused organization detailed apparatuses as resource however the assistance arranged organization doesn't perceive and report human resource as resource. The assistance companies' significant resource is the human capital and the scholarly capacity of their work power. Albeit all companies need solid and cutthroat human resource to succeed, the accomplishment of administration companies to a great extent relies upon the nature of their human resource.

OBJECTIVES

1. To evaluate the significance of HRA rehearses versus administrative decision making in India.
2. To increment administrative familiarity with the upsides of human resources,

RESEARCH METHODOLOGY

In a highly efficient and effective way, this chapter has examined and justified the data that was obtained. In addition to this, it will highlight the insight into the execution of the HRA techniques in their particular situations. Research strategy is defined by Saunders and as "A broad plan of how the researcher will go about addressing the research questions." There are two distinct varieties of research strategy. Research methodology that combines quantitative and qualitative methods. Research that is focused on quantification of measurements and analysis of data acquired (via questionnaire or observation) is part of the quantitative research approach. This kind of research may be either exploratory or explanatory. The qualitative research approach focuses mostly on words and observations to convey reality and makes an effort to depict study subjects and events in their natural settings. In the context of this research study, the researcher is using a methodology known as a Mixed Method Approach, which combines qualitative and quantitative research methods.

This is an observational examination to assess the impact of HRA data on administrative decision-making. In this investigation, we have followed both the quantitative and subjective philosophies. Contextual analysis approach has been received in this investigation. Contextual investigations are broadly utilized in ongoing explores in administration and it has been demonstrated that cases study examination can add to hypothesis.

working in applied controls. The one-of-a-kind chance that is given by contextual analysis research is that the specialist can utilize a blended approach, for example it can mix both quantitative and subjective information to produce solid discoveries. Concerning the targets of the investigation we have planned separate parts for example Part V to Chapter X. We have followed separate procedure in every one of the parts lined up with the targets.

Research Philosophy

The kind of study that a researcher chooses to conduct and the approach that they choose to accomplish it are both significantly influenced by the researcher's values. The research philosophy that a person chooses to embrace involves key assumptions about the way that person perceives the world. These presumptions will serve as the foundation for the research strategy as well as the methodologies that are selected within that approach. There are four distinct schools of thought, which are known as positivism, realism, interpretivism, and pragmatism, respectively.

The social environment of business and management is considerably too complicated to lend itself to theorizing by clear 'rules,' as is done in positivism. Business issues are complicated and distinctive. They are the result of a precise confluence of events and persons occurring at a given point in time. Researchers make an effort to investigate the business environment from their unique vantage point. In light of this, one conclusion that may be drawn is that the Interpretivism Research Philosophy is relevant to this Research.

Interpretivism The research methods emphasized by the research philosophy focus on interviewing people rather than seeing things. Phenomenology and symbolic interactionism are two examples of academic traditions that contributed to the legacy of this string of interpretivism. Phenomenology is the study of how people, namely humans, make sense of the environment that surrounds them. The researcher who is engaged in symbolic interaction is constantly engaged in the process of interpreting the social world. More specifically, the researcher interprets the actions of those with whom he interacts, and the result of this interpretation is an adjustment of the researcher's own meanings and behaviours.

Research Plan

The hypothesis was put to the test via the use of a survey research approach. The influence of HRA information on the actions of HR managers was investigated via the use of a survey administered to HR managers at a selection of IT organisations. Study was done on choices made at both the strategic and the tactical levels on various HR tasks such human resource planning, training and

development, performance assessment, and pay management.

A second poll was carried out with workers working in information technology for the same organisations in order to have a better understanding of how the adoption of HRA affects the motivation levels of employees.

Research Choice

Mono Method: This method consists of using a single data collecting methodology, such as a questionnaire, and the analytic approach that corresponds to it in order to answer the research question.

Research Design

The study includes a number of different goals, each with their own set of anticipated results. The initial goal is to do research on the information technology sector in India in order to identify the businesses that engage in HRA. Studying the influence of human resource accounting on organizational decision making, tactical decision making, and profitability, in that order, is the second, third, and fifth objectives, respectively. The fourth aim is to determine the influence that the HRA information has on the degree of motivation that workers have. Therefore, in accordance with this, the study design was developed to match the goals.

Impact of Haroon Human Resource Planning

Framing Recruitment Budget

In this part of the questionnaire, an effort was made to determine the influence that HRA data has on the choices that are made on Human Resource Planning, more specifically those that are concerned with coming up with a recruitment budget. The information that was necessary for forming the recruiting budget into two sections was presented to 45 HR managers who participated in the survey. The conventional information necessary for constructing a recruiting budget may be found in . They are not responsible for any costs associated with the recruiting and selection processes; all necessary costs are covered for them. There is no connection between any of the expenses shown in this table and any particular organisation. The costs are maintained at a minimum on purpose so that HR managers can **readily comprehend and quantify them.**

Table 1: Recruitment budget

Sr.No	ACTIVITY	COST INCURRED
	RECRUITMENT COST	
1	Advertising Cost	50,000
2	Agency Fees	1,00,000
3	Personnel Dept. Cost	20,000
4	SELECTION COST	
5	Selection Board Expenses	50,000
6	Test Material Expenses	30,000
7	Expenses on Medical Exam.	50,000
	Other Expenses	1,00,000
		4,00,000

Portion II was the section that included the HRA information, and it included not only the standard information but also all of the direct and indirect expenditures that were associated with the recruiting and selection process. It was in the form of all of the indirect costs that were involved in the process of recruitment and selection. These costs included the cost of locating a source of manpower, the cost of contacting candidates, the cost of time spent processing applications, the cost of designing a test material, and the cost of conducting tests (including fees for invigilators, the cost of infrastructure, and the cost of electricity, among other things).

Table 2: Recruitment budget with hora information

Sr. No	ACTIVITY	Cost Incurred		Total
	RECRUITMENT COST	Direct	Indirect	
1	Cost of finding Job Vacancy		10,000	
2	Cost of Locating the source of manpower		5,000	
3	Advertising Cost	50,000		
4	Cost incurred in contacting candidates		10,000	
5	Agency Fees	1,00,000		
	SELECTION COST			
5	Cost of Application Blank	5,000		
6	Cost of time spent in processing applications		8,000	
7	Cost of Designing a Test Material		7,000	
8	Cost of Test Material	10,000		

9	Cost of conducting test (invigilator's fees, infrastructure cost, electricity used, etc)		10,000	
10	Selecting Board Members sitting fees	1,00,000		
11	T. A. and Food and other expenses of Selection Board	50,000		
12	T. A. and D. A. paid to the candidate	25,000		
13	Expenses on Medical Examination	20,000		
	TOTAL	3,50,000	50,000	4,00,000

On the basis of these two parts, we asked them five questions regarding their view of the value of HRA information in building the recruiting budget.

"Based on the facts shown above, which area provides you with the most accurate depiction of the amount of money needed for the recruiting process?"

It was inquired of the HR managers which component of the material provided them with the clearest comprehension of the financial resources required to finish the recruiting procedure. The question was presented on a dichotomous scale with the two possible answers being The purpose of this investigation was to determine whether or not HRA information can serve as a clear basis for HR managers to construct recruiting budgets.

DATA ANALYSIS

The success or failure of an organisation is ultimately linked with the people factor. In fact both academics and practitioners agree that as the dynamics of competition accelerate people are perhaps the only truly sustainable source of competitive advantage. Effective management of human capital, even more so than physical capital, may be the ultimate determinants of organizational performance and survival (Snell). Human resource is arguably the most valuable asset held by an organisation today. With rare exception, HR simultaneously represents the single greatest potential asset and the single greatest liability that an organisation will acquire as it goes about its business. It is evident from the literature that the HR is one of the vital factors in any organisation and hence they should be managed well. Proper HR practices are to be developed and adopted for effective human resource management which will ultimately lead to better organizational performance.

There are ample research studies showing the relationship between HR practices and firm performance. In some of the studies the relationship has been shown between an individual HR practice, such as compensation and the firm-performance. But, as in reality the performance of an organisation depends on the host of HR practices which are intertwined and interlinked. Contemporary researches have been carried out to analyze the effect of sets of HR practices on firm

performance But in this chapter, we have tried to examine the impact of a single HR practice, i.e. Human Resource Accounting system, on the firm performance. To examine the firm performance, we have considered two dimensions- the financial aspect and the HR aspect. We seek answers to certain questions like-

- What about the financial performance of the HRA organisations and non-HRA organisations?
- Whether the HR performance of the HRA organisations is better than the non-HRA organisations?
- Whether the overall performance of the HRA organisations is better than the NonHRA organizations?

COMPARATIVE ANALYSIS OF CORPORATE PERFORMANCE OF SELECTED HRA AND NON-HRA IT COMPANIES IN INDIA

Purpose: It is the purpose of this research to determine whether or not the percentage of managers who chose or prefer Section II information over Section I information for choices pertaining to the recruiting budget is more than fifty percent.

Statistical Test: Sign Binomial Test

In the following variables, the researcher used the Sign Binomial test to determine whether or not the Manager's response to this variable (opinion about the impact of HRA on HR decisions – observed proportion > 50 percent and P value is 0.05) or the opinion is negative (observed proportion 50 percent and P value is 0.05) was significant.

Variables and Measurement: 45 HR managers were given two scenarios to choose from, one of which included HRA information and the other of which did not. The information about the HRA was only contained in Section II, whereas Section I was missing such information. The additional responders were given the option to choose one of the two parts.

If we assume that $P = 0.5$, then the percentage of managers who choose or prefer the information in Section II over the information in Section I for making choices about the recruiting budget is equal to fifty percent.

H1: If P is less than 0.5, then the percentage of managers who choose or prefer Section II information over Section I information for choices relating to the recruiting budget is not equal to fifty percent.

The significance level is set at $= 0.05$.

Table 3: Sign Binomial Test

	Observed P	Asymp. Sig. (2-tailed)	Inference
Based on abovementioned information, which section gives you the clear picture of the money required for recruitment process?	0.98 ^a	.000	Rejected
Which information section do you think will help you to prepare an appropriate budget?	0.93 ^a	.000	Rejected
Considering the cost cutting initiatives, which information do you think will help you to understand which cost can be saved?	0.96 ^a	.000	Rejected
How important was the s-2 information? In making recruitment budget?	0.96 ^a	.000	Rejected
Please indicate the level of relevancy of the 2-information supplied to you for recruitment budget.	0.89 ^a	.000	Rejected

The statistics for the Binomial test for the aforementioned variables are shown in the table that can be found above. The table provides information on the observed percentage, the Test Proportion, and the P value. The null hypothesis can no longer be accepted since the P value for each variable is lower than the threshold of significance. As a result, the conclusion that can be drawn is that more than fifty percent of managers prefer the information presented in to that presented in This demonstrates that the majority of HR managers find HRA information relevant in the process of budgeting for recruiting.

Selection Of a Candidate For Job: Impact Of Hra On Selection Decision

Purpose: To investigate whether or not HRA data may influence the selection decisions made by HR managers.

Statistical test: Standard Binary Logistic Regression

Logistic regression is a method for doing predictive analysis in which the categorical nature of the dependent variable is taken into account. The purpose of predictive analysis is to derive, from a group of independent factors, an estimate of the value of a dependent variable (in this case, the continuous Decision of HR managers). On the other hand, there are also instances in which the dependent variable is not continuous but rather categorical. Within the context of this study, the dependent variable was a categorical variable that could take one of two possible values: decision made by majority or decision made by minority.

Variables and measurement: The dependent variable, which was the selection choice made by HR managers, had two possible outcomes. (1) a choice made by the majority (0) an alternative option made by the minority

Independent variables: The HRA information was a categorical variable, and there were two possible responses to it (1) HRA (0) non HRA

In order to accomplish the goal of this research, which was to investigate the influence of HRA information on the selection decisions made by HR managers, a total of 44 respondents were given two scenarios: one with HRA information, and the other without HRA information. The purpose of this research was to determine whether or not HRA information makes the process of picking a candidate for a job easier and whether or not the majority of companies.

CONCLUSION

This study sought to accomplish 5 goals. The first thing we wanted to do was investigate the Human Resource Accounting (HRA) procedures that are used by the IT companies in India. The second and third objectives have the same overarching goal, which is to investigate the influence that knowledge about human resource accounting has on the choices made by human resource professionals and strategic decisions, respectively. Finding out how HRA procedures affect the amount of motivation that workers have was the fourth goal of this project. The final goal of this section is to demonstrate how HRA procedures have an effect on the amount of money made by the organisation.

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