

Perception of Human Resource Accounting Practices in Bhel

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Abstract: In any organization, a policy can be successfully implemented only when its employees are fully aware of its usefulness and it is rightly perceived. Implementing Human Resource Accounting (HRA) is no exception to this. Accounting the productive contributions of the employees in an organization is very important aspect in today's business organizations, especially, the Public Sector Organizations. In this paper an attempt is being made to analyze the perception of the employees regarding Human Resources Accounting in a heavy Electrical Public Sector Organization, BHEL. The required data had been collected from 129 sample employee respondents by administering a schedule of questions, and same was analyzed with the help of Regression Analysis, to analyze the perception of the employees regarding HRA in BHEL. The major finding of the study was all the employee are good perception on the organization HRA practices.

Keywords: Human Resource Accounting, Personnel perception.

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I. Introduction

The success of the any organization, irrespective of its nature, size, ownership, etc., depends on how its human resources are managed. If human resources are managed well, it leads to effective utilization of its Physical assets, and in turn enhancing the productivity, profitability of an organization. In order to measure and reward the productive contributions of Human Resources the organizations began implementing Human Resources Accounting. The effectiveness of successful implementation of HRA in an organization depends on the level of awareness and right perception of the employees.

Definition of HRA

According to *Likert*, (1973), HRA is "As an activity devoted to attaching monetary estimates to the value of a firm's human organization and its customer goodwill".

Davidson et.al, (1975) defined HRA as, "a term used to describe variety of proposals that seeks to report and emphasize the importance of human resources - knowledgeable, trained and loyal employees in a company's earning process and total assets".

Flamhoitz Eric.G (1999) defined HRA as "accounting for people as an organizational resource. It involves measuring the costs by organizations to recruit, select, hire, train and develop human assets. It also involves measuring the economic value of people to the organization".

II. Review of Literature

Bailey (1993), Contended that human resources are frequently "underutilized" because employees often perform below their maximum potential and that organizational efforts to elicit discretionary effort from employees are likely to provide returns in excess of any relevant costs.

Abhayawansa, S. and Abeyseker, I. (2008), Human Resources Accounting is, "The quantification of the value of human resources helps the management to survive with the fluctuations in its quantum and quality to achieve equilibrium in between the essential resources and Human Resource Accounting in order to provide important data to the organization's management, employees and the financial analysts, who need this data for analyzing the actual situation of the organization".

Adam Steen (2012) observed that to examine the differing perceptions or conceptualizations that have contributed to prevailing views held by accountants on the measurement and reporting of human resources. A concerted effort is needed to resolve past conflicts and move ahead on the basis that the fundamental principles of accounting of relevant, timely and accurate information to serve the needs of stakeholders.

Neerja Kashive (2013), In her article, she proved that the difference between the market value of the firm and its book value has to be attributed to the intangibles in the firm. It has also been proved that the market to book value of the firm which happens to be an indicator of importance of Intellectual Capital (IC) in the firm has also been increasing over time. IC reporting provides companies with the opportunity to take advantage of

increased transparency to capital markets, establishing trustworthiness with stakeholders and to employ a valuable marketing tool.

Fathima Nancy Dyana P (2014), conducted a study to observe the perception of management and employees in Human resource accounting and observed that “HR as major asset” ranks first, since all the sample respondents have the opinion that human resources are the major assets of Indian companies and is measured as the most valuable asset and she suggested in the study that, there should be regulation in accounting standards related to human resource accounting in India; this will make every company to follow the same method for evaluating the value of human resource.

Anjna Rani (2016), in her research study reviewed the literature available on the perception of human resource accounting. Previous studies had shown and debated various magnitudes related to valuing human resource. And found that the accounting human resources, different models have been developed which are helpful to identify and report investment made in the human resource of an organization that are not presently accounted for under conventional accounting practice.

K.P (2016), studied about the correlation among the information disclosed, providers and users of human resource disclosure in advanced in every annual reporting practices. The purpose was to present a entire review of previous disclosure literatures which had been emphasising on information disclosed between providers and users of human resources in separate accounts. The key purpose of the research work was to expand on the awareness about human resource value disclosure practices and to contribute to a better understanding of this by reducing the problems identified between providers and users of chosen human resource disclosures.

Case for the Present Study

A number of studies have been conducted by various researchers on the concept, importance and benefits of implementing HRA. Studies were carried on measurement of the cost of HRA, its legal framework, need for the development of Accounting Principles of HRA etc. HRA practices in an organization should be dynamic and required to be changing as per the emerging needs of the stakeholders. In the present times of corporate governance and transparency the employees of an organization would also like to be aware of how they are being accounted for. Therefore, the levels of employee awareness and perception of HRA is important for the successful functioning of an organization. With this backdrop the current study is perceived to study the perception of HRA practices in BHEL.

Statement of the Problem

The importance of awareness and right perception of the policies of an organization, by its employees needs no emphasis. How serious is BHEL in implement of HRA? How do the employees of BHEL perceive HRA practices in? These questions call for an empirical study. Hence the present study is confined to “*A Study of Employee Perception of Human Resources Accounting Practices in BHEL*”.

The Objectives of the study

The specific objectives of this study are:

- To study the ways of perception of HRA practices by the employees of BHEL.
- To analyse the relationship between different demographical variables and the perception of the employees of BHEL.
- To offer suggestions for the improvement of HRA in BHEL in the light of findings

Methodology

Survey method of research was adopted and the required data was collected through primary and secondary sources.

Sampling

Following 129 employees were drawn on random basis in the organization.

Tools for the Collection of the Data

A structured schedule of questions was used for collecting the data from the sample employee respondents.

Reliability Measures

Internal validity and consistency of the scale items are analysed for each variables by pilot survey of 129 respondents. Hair et al. (2006) recommended that Cronbach alpha values from 0.6 to 0.7 were deemed the lower limit of acceptability. Cronbach’s alpha reliability scores of the scale items used were all over 0.861,

which is considered good. Hence, the results demonstrate that the questionnaire is a reliable measurement instrument.

Table No: 1
Reliability Statistics

Cronbach's Alpha	N of Items
.861	12

Hypothesis

- **Ho:** There is no significant association between the perception of the sample employee respondents in BHEL regarding HRA practices in it and their demographical variables

Tools for the Analysis of the Data

Regression Analysis was used for analyzing data.

Human Resources Accounting in BHEL

BHEL has been presenting human resource accounting information in its annual reports since 1978-79 in a separate section entitled "Human asset Accounts" as Performa supplementary financial statement besides recognizing importance and contribution of human resources in Chairman's Address, Directors' Report and corporate Profile of the Company. In BHEL human assets valuation is basically done by following the Lev and Schwartz with certain improvement relating to human resource efficiency for valuing its human resources. BHEL has classified its employees into work, experience and qualification. In each category, ten to fifteen salary grades are identified to facilitate human resource value calculation.

Profile of the Sample Employee Respondents

Table No: 2
Statement showing Demographic Variables of sample respondent

S.no	Demographic Variables	Number	Percentage
1	Gender		
	• Male	80	62.0
	• Female	49	37.9
	• Total	129	100
2	Age		
	• 21-30	43	33.3
	• 31-40	49	37.9
	• 41-50	23	17.8
	• 51-60	14	10.8
	Total	129	100
3	Education Qualification		
	• Under Graduate	44	34.1
	• Graduate	48	37.2
	• Post Graduate	25	19.3
	• Professional	12	9.3
	Total	129	100
4	Designation		
	• Executives	80	62.0
	• Non-Executives	49	37.9
	Total	129	100
5	Experience		
	• <= 5	54	41.9
	• 5-10	52	40.3
	• 11-15	13	10.0
	• 15+	10	7.7
	Total	129	100

- Out of the total Sample Employee Respondents of 129, 80 sample respondents, forming around 62.0 percent, are Male respondents and the remaining 49 sample respondents, representing around 37.9 percent, are Female (see Table no.2)
- Out of the total Sample Employee Respondents of 129, 43 sample respondents, representing 33.3 percent, fall in the age group of 21-30 years, 49 sample respondents, forming around 37.9 percent, fall under the age group of 31-40 years, 23 sample respondents, forming around 17.8 percent, fall under the age group of 41-50 years and 14 sample respondents representing 10.8 percent, fall under the age group of 51-60 years.
- Out of the total Sample Employee Respondents of 129, 44 respondents, representing 34.1 percent, are Under Graduates, 48 respondents representing , forming around 37.2 percent, are Graduates, 25

respondents representing, forming around 19.3 percent, are Post Graduates and 12 respondents representing 9.3 percent are professionals.

- Out of the total Sample Employee Respondents of 129, 80 sample respondents, representing 62.0 percent, are Executives and the remaining 48 sample respondents, forming around 37.9 percent are Non-Executives.
- Out of the total Sample Employee Respondents of 129, 54 sample respondents, representing around 41.9 percent are having below 5 years of experience, 52 sample respondents, representing around 40.3 percent are having 5-10 years of experience, 13 sample respondents, representing around 10.0 percent are between 11-15 years of Experience, 10 sample respondents, representing around 7.7 percent are above 15 years of experience in their respective organization.

An Analysis of Perception of Sample Employee Respondents regarding HRA practices in BHEL

Table no -3

Statement showing Perceptions of Employees on HRA in BHEL.

Sl. No	Perceptions of Employees on HRA	SDA	DA	N	A	SA	Total (%)
1	Human resources should be accounted for as they are building blocks of organization	15 (11.6)	16 (12.4)	26 (20.1)	25 (19.4)	48 (37.2)	129 (100)
2	HRA assesses efficiency	46 (35.7)	11 (8.5)	15 (11.6)	33 (25.6)	24 (18.6)	129 (100)
3	HRA provides information about costs of Human Resources.	15 (11.6)	35 (27.1)	12 (9.3)	36 (27.9)	31 (24.0)	129 (100)
4	HRA resolves employee disputes	18 (13.9)	15 (11.6)	24 (18.6)	34 (26.4)	38 (29.5)	129 (100)
5	HRA creates goodwill for the organization	33 (25.6)	16 (12.4)	13 (10.1)	31 (24.0)	36 (27.9)	129 (100)
6	HRA helps in Personnel selection process	30 (23.3)	13 (10.1)	14 (10.9)	37 (28.7)	35 (27.1)	129 (100)
7	HRA improves Credit worthiness of the company	14 (10.8)	15 (11.6)	16 (12.4)	44 (34.1)	51 (39.5)	129 (100)
8	HRA contributes to Organization growth	12 (8.4)	21 (16.4)	17 (13.2)	35 (27.3)	44 (34.3)	129 (100)
9	HRA balances the variations in human assets	27 (21.1)	28 (21.8)	18 (14.1)	33 (25.7)	23 (17.2)	128 (100)
10	Changes in Values of Human Assets would affect the Earning Power of the organization	19 (14.7)	18 (13.9)	28 (21.7)	35 (27.1)	29 (22.5)	129 (100)
11	Human resource accounting is the greatest asset to an organization implementing it.	17 (13.2)	22 (17.1)	15 (11.6)	39 (30.2)	36 (27.9)	129 (100)
12	HRA gives competitive advantage to an organization	18 (13.9)	26 (20.2)	18 (13.9)	35 (27.1)	32 (24.8)	129 (100)

Source: Primary Data.

SDA-Strongly Disagree, DA-Disagree; N-Neutral; A-Agree SA-Strongly agree

III. Findings

- It was found that 56.6 (A+SA) percent of the sample employee respondent feel that all the Human Resources in BHEL should be accounted for carefully as they are the building blocks of an organization, while 24 (SDA+DA) percent of the employees disagree with the statement and around 20 percent stay neutral. (See Table No -3)
- It was found that 44.2 (A+SA) percent feel that Human Resources Accounting in an organization helps in assessing efficiency in an organization. While 44.2 (SDA+DA) percent of the employees disagree with the statement and around 11.6 percent stay neutral.
- It was found that 51.9 (A+SA) percent of the sample employee respondent felt that HRA practices in an organization provide the information regarding the cost of Recruiting, Training, Remunerating, etc., of Human Resources in it. While 38.7 (SDA+DA) percent of the employees disagree with the statement and around 9.3 percent stay neutral.
- It was found that 55.9 (A+SA) percent of the sample employee respondent felt that hra resolves employee disputes, while 25.5 (SDA+DA) percent of the employees disagree with the statement and around 18.6 percent stay neutral.
- It was found that 51.9 (A+SA) percent of the sample employee respondent that implementation of HRA in an organization would enhance the goodwill of that organization, while 38 (SDA+DA) percent of the employees disagree with the statement and around 10.1 percent stay neutral.
- It was found that 55.8 (A+SA) percent of the sample employee respondent feels that practising HRA in their employing organization would helps in Personnel selection process, while 33.4 (SDA+DA) percent of the employees disagree with the statement and around 10.9 percent stay neutral.

- It was found that 73.6 (A+SA) percent of the sample employee respondent feels that practising HRA in their employing organization would create or improve its credit worthiness, while 22.4 (SDA+DA) percent of the employees disagree with the statement and around 12.4 percent stay neutral.
- It was found that 61.6 (A+SA) percent of the sample employee respondent feels that HRA in an organization contributes to its growth. While 24.8 (SDA+DA) percent of the employees disagree with the statement and around 13.2 percent stay neutral.
- It was found that 42.9(A+SA) percent of the sample employee respondent feels that implementation of HRA in their organizations balances the variations in their performances and their values to the organization. While 42.9(SDA+DA) percent of the employees disagree with the statement and around 14.1 percent stay neutral.
- It was found that 49.6 (A+SA) percent of the sample employee respondent feels that changes in the values of human assets to their organizations would influence the earning power of their organization, while 28.6 (SDA+DA) percent of the employees disagree with the statement and around 21.7 percent stay neutral.
- It was found that 58.1 (A+SA) percent of the sample employee respondent feels that one of the greatest assets to the organization implemented in the BHEL, while 30.3 (SDA+DA) percent of the employees disagree with the statement and around 11.6 percent stay neutral.
- It was found that 51.9(A+SA) percent of the sample employee respondent feels that all the employees perceive that an organization practicing HRA in it would experience competitive advantage among other organizations in the BHEL, while 34.1 (SDA+DA) percent of the employees disagree with the statement and around 13.9 percent stay neutral.
- **Regression Analysis:** Regression analysis is the statistical tool which is employed for the purposes of making estimates. Regression is a statistical model – a set of mathematical formulas and assumptions, which are used to describe a real –world situation. Since the relationships in the business and economics that we have to deal with are not perfect, we like our model to explain as much as possible about the process underlying the given set of data.
- **Analysis of Variance:** ANOVA is a collection of statistical models and their associated estimation procedures (such as the “variation” among and between groups) used to analyzethe differences among group means in a sample.
- Interpretation: The Analysis of this study has given the interpretation using the p-value in the ANOVA output to determine whether the differences between some of the means are statistically significant.
- “If the p-value is less than or equal to the significance level (0.05), we rejected the null hypothesis and concluded the statement.” at 95%confidence level.

1. The Employees perception on HRA according to factor Gender

**Table No -4
Model Summary**

Model	R	R Square	Adjusted Square	R	Std. Error of the Estimate
1	.295 ^a	.087	-.007		.37065

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	1.534	12	.128	.930	.519 ^b
Residual	16.074	117	.137		
Total	17.608	129			

Hypothesis:

Ho: Employees of all genders has no significant difference regarding perception on HRA of their organization.

H1: Employees of all genders has a significant difference in their perception on HRA of their organization.

Since Significance value is 0.519 which is greater than 0.05, then accept Ho statement. (See Table No -4), therefore, it is clear from the analysis that “All the employees irrespective of gender, there is no significant difference in the perception of organization HRA practices”.

2. The Employees perception on HRA according to factor Age

Table No -5
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.456 ^a	.208	.126	.96658

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	28.660	12	2.388	2.556	.005 ^b
Residual	109.309	117	.934		
Total	137.969	129			

Hypothesis:

Ho: Perception on HRA is not same for different age group employees of an organization

H1: Perception on HRA is same for different age group employees of an organization.

The significant value obtained from analysis is 0.005 which is less than 0.05, then reject H0 statement. (See Table No -5), therefore it is clear from the analysis that “Perception on HRA is same for different age group employees of an organization.”

3. The Employees perception on HRA according to factor Education

Table No -6
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.255 ^a	.065	-.031	.84942

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	5.860	12	.488	.677	.771 ^b
Residual	84.417	117	.722		
Total	90.277	129			

Hypothesis:

Ho: There is no significance difference of employees in the HRA perception of an organization with different educational qualification they possess.

H1: There is a significance difference of employees in the HRA perception of an organization with different educational qualification they possess.

The significant value from the analysis is 0.771 which is greater than 0.05, then accept Ho. (See Table No - 6), Therefore it has been proved from the above analysis that , There is no significance difference of employees in the HRA perception of an organization with different qualification they possess.

4. The Employees perception on HRA according to factor Designation

Table No -7
Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.402 ^a	.162	.076	.44850

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	4.534	12	.378	1.878	.044 ^b
Residual	23.535	117	.201		
Total	28.069	129			

Hypothesis:

Ho: Perception on HRA is not same for different employees with different designation in an organization

H1: Perception on HRA is same for different employees with different designation in an organization

The significant value obtained from analysis is 0.044 which is less than 0.05, then reject H0 statement. (See Table No -7), therefore it is clear from the analysis that “Perception on HRA is same for different employees with different designation in an organization.”

5. The Employees perception on HRA according to factor Experience

**Table No -8
Model Summary**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.367 ^a	.134	.046	1.63592

ANOVA

Model	Sum of Squares	Df	Mean Square	F	Sig.
Regression	48.603	12	4.050	1.513	.129 ^b
Residual	313.120	117	2.676		
Total	361.723	129			

Hypothesis:

Ho: There is no significance difference in the HRA perception of all level of experienced employees in an organization.

H1: There is a significance difference in the HRA perception of all level of experienced employees in an organization.

The significant value from the analysis is 0.129 which is greater than 0.05, then accept Ho. (See Table No -8), Therefore it has been proved from the above analysis that,” There is no significance difference in the HRA perception of all level of experienced organization.”

IV. Findings

The above analysis it is clear that the employees of different levels are have the good perception levels about the human resource accounting practices in their organization.

- All the employees irrespective of gender, has good perception on the organization HRA practices.”
- Perception on HRA is same for different age group of employees in an organization.
- There is no significance difference among the employees in the HRA perception of an organization with different qualification they possess.
- It is clear from the analysis that perception on HRA is same for different employees with different designation in an organization.”
- There is no significance difference in the HRA perception for different level experienced employees in an organization.

Suggestions

Transparent Human Resource Accounting practices help in resolving the disputes among the employees, because everything would be open to all the employees and An organization implementing Human Resources Accounting would have competitive advantage in the industry in every aspect.

It has been suggested from the analysis that if these HRA practices are implemented efficiently and effectively then there will be development for both employees and organization

V. Conclusion

According to overall statistical analysis it has been proved that, there is no significant association between the perception of the sample employee respondents in BHEL regarding HRA practices in it and their demographical variables”. But at the time of primary data collection, few of the individual employees Perception on HRA practices had slight variation,(i.e); Employee Perception is not exactly same on HRA practices of their organization on few factors.

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