

“A Study On Impact Of Human Resource Accounting Practices On Human Capital Valuation In Tourism Industry”

(Dr. BSV Meera Setty)

HOD & Assistant Professor

Department Of Commerce

Andaman College

Andaman & Nicobar Islands

Abstract

In the contemporary knowledge-driven service economy, human capital has emerged as the most significant asset contributing to organizational effectiveness and long-term sustainability. This is particularly evident in the tourism industry, where service quality, customer satisfaction, and business performance are largely dependent on employee competencies, skills, knowledge, and attitudes. The tourism industry is one of the fastest-growing service sectors and plays a vital role in employment generation and economic development. The present study aims to examine the significance of Human Resource Accounting practices in the tourism industry and analyze the impact of human capital investment on organizational performance. The study adopts a descriptive research methodology and is conceptual in nature, relying on secondary data collected from research journals, textbooks, tourism industry reports, and other scholarly publications. The findings reveal that investments in recruitment, training and development, employee welfare, compensation, and retention strategies significantly enhance service quality, operational efficiency, and organizational sustainability in tourism enterprises. The study also highlights that conventional accounting systems fail to recognize the long-term economic value of human resources, whereas HRA practices provide a systematic framework for evaluating employee competencies, performance, and contribution to organizational success. The adoption of various HRA valuation methods such as Historical Cost Method, Replacement Cost Method, and Competency-Based Method enables tourism organizations to make informed managerial decisions. The study concludes that effective implementation of Human Resource Accounting practices is essential for improving managerial efficiency, employee productivity, and long-term growth in the tourism industry.

Key Words- *Human Resource Accounting, Tourism Industry, Human Capital Investment, Investment in Human Resources, Methods of Human Resource Accounting, Service Quality, Employee Performance, Organizational Efficiency, Human Resource Management, Sustainability, Customer Satisfaction.*

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I. Introduction

The Tourism Industry is one of the fastest growing service sectors in the global economy and plays a crucial role in employment generation and economic development. Unlike manufacturing industries, where production is dependent on physical assets such as machinery and equipment, tourism organizations rely heavily on human resources for delivering quality services to customers. Employees working in hotels, travel agencies, tour operations, airlines, and hospitality establishments significantly influence customer satisfaction and organizational performance.

Human resources in tourism organizations act as a vital link between service providers and customers. The efficiency and effectiveness of employees determine the quality of services offered to tourists. Therefore, investment in human capital through recruitment, training, skill development, and employee welfare programs is essential for achieving organizational goals.

However, conventional accounting systems treat expenditures incurred on human resources as revenue expenses rather than capital investments. This approach fails to recognize the long-term economic benefits derived from human capital investment. Human Resource Accounting has emerged as an important managerial tool that helps organizations measure the value of their human resources and assess their contribution to organizational performance.

Investments of Human Capital in tourism Industries includes:

1. Recruitment and Selection cost: In tourism organizations, investment in human capital constitutes a significant component of overall organizational expenditure, as the quality of services delivered largely

depends on the knowledge, skills, and performance of employees. These investments are made in various forms to enhance employee efficiency, productivity, and service delivery standards. One of the primary areas of investment is the recruitment and selection process, which involves costs related to advertising job vacancies, conducting interviews, screening candidates, and placing suitable personnel in appropriate positions. This ensures that competent and skilled employees are hired to meet organizational requirements.

2. **Training and Development cost:** Another important area of human capital investment is training and development. Tourism organizations allocate substantial resources towards training programs to improve employees' technical skills, communication abilities, and customer service competencies. Continuous development initiatives such as workshops, seminars, and on-the-job training are essential for enhancing employee performance and maintaining service quality in a highly competitive tourism environment.
3. **Compensation and Welfare Expenses:** In addition to recruitment and training, organizations incur expenses on employee compensation and welfare measures. These include salaries, incentives, bonuses, health benefits, insurance facilities, and other welfare schemes designed to improve employee satisfaction and organizational commitment. Adequate compensation and welfare support contribute to increased motivation and productivity among employees.
4. **Employee Motivation and Retention costs:** The tourism enterprises invest in employee motivation and retention strategies to reduce turnover and maintain a stable workforce. These strategies may include performance-based incentives, recognition programs, career advancement opportunities, and employee engagement initiatives. Retaining experienced and skilled personnel helps organizations maintain consistency in service delivery and reduces the costs associated with frequent recruitment and training of new employees.

Thus, investments in human capital play a vital role in enhancing the operational efficiency and long-term sustainability of tourism organizations. The valuation of these investments through HRA practices helps tourism enterprises improve managerial efficiency and achieve sustainable growth.

Meaning and Definition of Human Resource Accounting

Human Resource Accounting can be defined as the process of identifying, measuring, and communicating information about investments made in human resources to facilitate effective management decision-making. It enables organizations to treat employees as valuable assets rather than operational costs.

Eric G. Flamholtz, Defined “Human Resource Accounting as the process of measuring and reporting the cost and value of people as organizational resources. He emphasized that employees should be valued based on their expected future economic benefits to the organization”.

Renais Likert, Defined that “Human Resource Accounting is concerned with the measurement of the value of human organization. He highlighted the importance of human assets in improving managerial effectiveness and organizational performance”.

Dr. Kamal C. Agrawal (2017) Defined “Human Resource Accounting as accounting for people as original resources of the organization. Emphasized measurement of employee value for better managerial decisions”.

Human Resource Accounting (HRA) can be broadly defined as the process of identifying, measuring, and reporting the cost and economic value of human resources in an organization, treating employees as valuable assets rather than expenses, and using this information for effective managerial decision-making and performance evaluation.

Meaning and Definition of Tourism Industry

The tourism industry refers to a service-oriented sector that involves the movement of people from their usual place of residence to different destinations for leisure, business, or other purposes. It includes various services such as transportation, accommodation, travel agencies, tour operations, and hospitality facilities. The industry focuses on providing travel-related experiences and services to meet the needs of tourists during their stay. It plays an important role in promoting cultural exchange, employment generation, and economic development. Overall, the tourism industry contributes significantly to national income and supports the growth of allied sectors such as hotels, restaurants, and transportation services.

The tourism industry can be broadly defined as a service-based sector that involves the movement of people from their usual place of residence to other destinations for leisure, business, or other purposes, along with the facilities, services, and activities provided to meet their travel and accommodation needs.

World Tourism Organization (UNWTO), Defines “Tourism comprises the activities of persons traveling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business, or other purposes”.

Hunziker and Krapf, defines “Tourism is the totality of relationships and phenomena arising from the travel and stay of non-residents, provided the stay does not imply permanent residence and is not connected with any earning activity”.

Burkart and Medlik, “Tourism refers to the short-term movement of people to destinations away from their normal place of residence and work and includes activities undertaken during their stay at those destinations”.

International Association of Scientific Experts in Tourism (Aiest), “Tourism is the sum of the phenomena and relationships arising from the travel and stay of non-residents, in so far as they do not lead to permanent residence and are not connected with any earning activity”.

Tourism Industry in India

Tourism in India is one of the largest and fastest-growing service industries contributing significantly to the country’s economic development. It plays a vital role in generating employment opportunities and promoting regional development across both urban and rural areas. The industry includes a wide range of services such as transportation, accommodation, travel agencies, tour operations, and hospitality. India’s rich cultural heritage, historical monuments, diverse traditions, and natural attractions make it one of the most preferred tourist destinations in the world. Tourism also contributes substantially to foreign exchange earnings and supports the growth of allied industries such as hotels and restaurants. The sector promotes cultural exchange and strengthens international relations through global tourist inflow. Infrastructure development including modernization of airports, highways, railways, and digital services has further strengthened the industry. Tourism also plays a key role in promoting cultural exchange, national integration, and preservation of heritage and traditions. In recent years, emphasis has been placed on sustainable and responsible tourism to balance economic benefits with environmental conservation.

Objectives of the Study

The present study has been undertaken with the following objectives:

1. To understand the concept of Human Resource Accounting in the tourism industry
2. To examine various methods used to measure the value of human capital
3. To analyze the importance of HRA practices in tourism organizations

II. Research Methodology

The present study adopts a Descriptive Research Methodology to examine the significance of Human Resource Accounting (HRA) practices in measuring the value of human capital in the tourism industry. Descriptive research is primarily concerned with describing the characteristics of a particular phenomenon or group and is appropriate for studies that aim to analyze existing conditions, practices, and relationships without manipulating any variables. This study is conceptual in nature and is based entirely on secondary data. The descriptive research design has been considered suitable as it facilitates a comprehensive understanding of the concept of Human Resource Accounting and its application in tourism organizations by systematically collecting, analyzing, and interpreting relevant information from existing literature. The data required for the study have been collected from various secondary sources such as published research journals, textbooks on Human Resource Management and Accounting, tourism industry reports, and other scholarly publications available through online academic databases.

III. Review Of Literature

Eric G. Flamholtz (1971) introduced the concept of Human Resource Accounting and proposed models for measuring the value of human resources based on their expected future economic benefits.

Torrington Derek (2008) highlighted that effective human resource management practices contribute to organizational efficiency and financial performance.

Nwosu M, Eze1Eze-Nwosu & P. Chiamaka (2016), the study concluded that Human resources has been recognized as an important factor of production but has not been given its place as an asset in the financial statement of organisations. The implementation of human resource accounting in company's annual financial report will go a long way in improving organisational performance as human resource accounting provides quantitative information about the value of human assets, which helps the management to take decisions regarding the adequacy of human resources and based on these insights, further steps for recruitment and selection of personnel can be taken.

Alka Sood (2016), the study main objective is that HRA is to inform general public how far enterprises are successful in fulfilling the human contributions also come to light through HRA. The study presents fifteen Indian companies who are presently reporting human assets valuation and HRA statements benefits the performance of Human Resource like Cost of developing human resources, Proper investment, Planning and executing personal policies, Improving employee efficiency and calculate Return on Investment (ROI).

Dr. Kamal C. Agrawal (2017), Human resource accounting (HRA) helps to measure the value of employees, which helps management, take the vital decisions related to human resources in order to increase

production. It requires the measurement of the performances of an organization and the optimum use of the resources under its direct and indirect control. Human Resource Accounting (HRA) means accounting for people as original resources. It is also a way of thinking about the management of people in formal organization.

Sunil Kumar & Priyanka Awasthi (2018), The objective of this paper was to identify the relationship between human resource accounting and organizational performance. For the purpose of this study seventy most relevant existing literature related to human resource accounting were analyzed. This study is exploratory in nature and qualitative analysis has been done to identify the impact of HRA on organizational performance. This study is entirely depending on secondary resources. Findings of the study are not possible to generalize. But on the basis of available research papers it can be said that whether HRA has positive impact or negative impact on organizational performance.

M. Suhasini L & Dr. Thirumagal P.G. (2019), Human Resource Accounting can be defined as the process of measuring the cost of the Employees and considering them as the organization's assets. HRA also helps to regulate the present economic value of employees in an organization. Once the cost of the employee is measured the management will prepare report which is termed as Human Resource Accounting Report. The research paper is derived from the review of the literature from the various scholars who were analyzed the importance of Human Resource Accounting in India. The concept of HRA is the valuation of the cost and value of employees in the organization.

Antara Dhar & Dr. Amit Kumar Singh (2021), the study suggest that HRM practices have positive and significant impact on the quality of services of hotels. Four or five-star hotels by using certain HRM practices can enhance their quality of services. Hotels with national or international franchises have sufficient funds to promote practices such as organising training and development programme for their permanent staff and can use compensation and promotion to boost healthy competitiveness among the staff.

Prof. (Dr.) S. Saxena & Deepak Verma (2021), study reveals the status and challenges of human resource accounting in India a systematic manner so that the layman can understand easily. This paper's concept helps to HR manager to make decision for face challenges of HRA in an institution and implement successfully human resource accounting in their institution. In order to assess the performance of human resources properly, companies should computed some significant ration related to human resources and included in their report, like manpower utilisation ratio, ratio for per employee production, ratio for investment per employee, average sales and net profit per employee etc.

Parul and Dr. Santosh Gupta (2023), the study main objective is to monitor effectively the use of human resources by the management and analysis the human asset, i.e. whether such assets are conserved, depleted or appreciated. Further, the study outlined above aims to provide a rigorous and comprehensive investigation into HRA practices within NTPC, contributing valuable insights to the existing body of knowledge in the field of human resource management and organizational effectiveness.

Alexandra Popa Corina , Aurora Barbu, Roxana-Marcela Zaharia (2023), The purpose of this paper is to indicate the importance of human resources in modern tourism. In order to carry out the research, official statistical data provided at European level on the development and type of employees in the tourism industry were analysed, as well as the extent to which human resource management strategies can influence these data were analysed. The study concluded that human resource management in tourism and especially in hospitality is in constant motion and needs to be constantly adapted to environmental conditions. Managing human potential includes decisions that have key short and long term effects on the business performance and success of a hospitality company.

Bijay Kumar Pradhan & Ghanshyam Saini (2024), The basic objective of the study is to study the HRA practices adopted by the selected IT companies and make comparison between them. In other words, whether there is any difference in the disclosure of HRA information and its valuation amongst the selected IT companies in India which shows HRA information in their annual reports, thus this research attempted to find out the relationship between HRA practices of selected IT companies.

Vaishnavi Sharma & Prof. R. P. Singh (2024), the main objective of the study is to understand the existing methods of human resource accounting practiced in Indian accounting system, analyze the significance of human resource accounting in management. strategic human resource and to analyze challenges in adopting of human resource accounting practices. The study reveals that various techniques, encompassing both cost-based and value-based approaches, are employed to measure the economic value of human resources.

Chetan Chauhan, Dr Sandeep Guleria & Dr. Shikha Sharma (2024), the study examines the impact of Human Resource Accounting (HRA) on employee satisfaction and tenure within establishments. It examines the correlation between the execution of HRA strategies and the perceived significance employees attribute to their contributions to the organization. The investigation suggests that there is a favorable connection between HRA strategies and employee contentment, as well as retention rates. Organizations that have embraced HRA

are more aptly positioned to acknowledge and tackle elements that contribute to employee welfare, resulting in a more involved and devoted workforce.

Studies in the hospitality industry indicate that investment in employee training and development enhances service quality, customer satisfaction, and organizational profitability. Retention of skilled employees improves operational efficiency and reduces recruitment costs.

The literature suggests that Human Resource Accounting practices provide a systematic framework for measuring employee competencies, intellectual abilities, and organizational commitment.

Concept of Human Capital in Tourism Industry

Human capital is one of the most valuable intangible assets in the tourism industry, referring to the collective knowledge, skills, competencies, experience, creativity, and attitudes of employees that contribute to organizational performance and service quality. As a highly service-oriented and people-centric industry, tourism depends heavily on employee interaction, communication, and professionalism to create memorable customer experiences. In the present scenario, where customer expectations are constantly evolving, employees must possess not only technical and operational skills but also soft skills such as emotional intelligence, cultural sensitivity, problem-solving ability, and adaptability. Tourism professionals are now required to be digitally literate, capable of using online booking systems, data analytics, and customer relationship management tools while also adhering to health, safety, and sustainable tourism guidelines. Continuous training, upskilling, and employee engagement have therefore become essential strategies for tourism organizations. Investing in human capital development, tourism enterprises can enhance service innovation, operational efficiency, and long-term resilience, ensuring sustainable growth and competitive advantage in the global tourism market.

Key Components of Human Capital in Tourism Industry

Communication Skills

Employees in tourism organizations require effective communication skills to interact with tourists from diverse cultural and linguistic backgrounds. Clear communication helps in understanding customer expectations accurately. It also enables employees to provide timely information and assistance. Professional interaction improves service quality and customer satisfaction.

Customer Service Abilities

Tourism being a service-oriented industry demands strong customer service skills from employees. Their ability to respond promptly to customer queries enhances service experience. Problem-solving skills help in managing tourist complaints efficiently. This ultimately leads to higher customer satisfaction and loyalty.

Technical Competencies

Employees must possess adequate technical knowledge related to reservation systems and tour operations. Job-specific skills are essential for efficient service delivery. Technical competencies help in managing tourism activities effectively. This ensures smooth functioning of tourism services.

Professional Experience

Practical experience enhances employees' capability to handle complex situations. It improves their confidence in service delivery. Experienced employees maintain service standards efficiently. This contributes to overall organizational effectiveness.

Organizational Commitment

Committed employees contribute positively towards organizational goals. They ensure better teamwork and cooperation. Organizational commitment enhances productivity and service quality. This leads to improved organizational performance.

Interpersonal Skills

Employees must maintain positive relationships with customers and colleagues. Good interpersonal skills help in creating a friendly service environment. It improves coordination among team members. This enhances the overall tourist experience.

Adaptability

Tourism employees should be flexible in handling changing customer needs. Adaptability helps them respond to unexpected situations efficiently. It supports service continuity during peak seasons. This improves operational effectiveness.

Cultural Awareness

Employees should understand different cultural values and practices. Cultural awareness helps in delivering respectful services to tourists. It avoids misunderstandings in communication. This enhances customer satisfaction and service quality.

Problem-Solving Skills

Employees must handle customer complaints effectively. Quick decision-making helps in resolving service issues. Problem-solving skills reduce customer dissatisfaction. This improves organizational reputation.

Teamwork Ability

Tourism services require coordinated efforts from employees. Teamwork ensures smooth service delivery. It improves work efficiency and productivity. This leads to better organizational performance.

Leadership Skills

Leadership qualities help employees manage tasks efficiently. It supports decision-making at different levels. Effective leadership improves team performance. This enhances service standards.

Time Management

Employees must complete tasks within the required time. Time management improves service efficiency. It helps in handling customer requests promptly. This ensures customer satisfaction.

Human Resource Accounting Practices in Tourism Industry

Tourism organizations rely heavily on human resources for delivering quality services to customers. As the tourism industry is predominantly service-oriented, the performance, skills, and efficiency of employees play a crucial role in determining organizational success. Therefore, tourism enterprises make substantial investments in human resources through various activities such as recruitment, training, employee development, compensation, and welfare measures. Human Resource Accounting (HRA) practices help in identifying, measuring, and evaluating these investments made in human capital for improving organizational performance and decision-making. Human Resource Accounting Practices in tourism industries are mentioned below

Recruitment and Selection Practices

Tourism organizations incur considerable expenditure in recruiting and selecting qualified and skilled employees. This includes costs related to advertising job vacancies, conducting interviews, screening candidates, and placing suitable personnel in appropriate positions. Proper recruitment ensures that competent individuals are appointed for delivering efficient tourism services. HRA helps in recording these recruitment costs as investments in human assets rather than treating them as routine expenses.

Training and Development Practices

Training and development programs are essential for enhancing employee skills and competencies in tourism organizations. Employees are provided with training related to customer service, communication, technical operations, and hospitality management. Continuous development programs such as workshops, seminars, and on-the-job training improve employee performance. Human Resource Accounting practices help in measuring the cost and benefits of such training investments.

Compensation and Reward Management

Tourism organizations provide salaries, incentives, bonuses, and other financial benefits to employees as compensation for their services. These compensation packages motivate employees to perform efficiently and maintain service quality. HRA practices assist in evaluating the financial investment made in employee compensation and its impact on productivity and organizational performance.

Employee Welfare Measures

Employee welfare programs such as health benefits, insurance facilities, paid leave, and retirement benefits are provided to enhance employee satisfaction and well-being. These welfare measures improve employee morale and commitment towards organizational goals. Human Resource Accounting helps in assessing the expenditure incurred on employee welfare activities.

Motivation and Retention Strategies

Tourism organizations implement various motivation and retention strategies such as performance-based incentives, recognition programs, and career advancement opportunities. These strategies help in

retaining skilled and experienced employees and reducing staff turnover. HRA practices enable organizations to evaluate the cost-effectiveness of retention policies and their contribution to long-term organizational sustainability.

Performance Evaluation Practices

Tourism organizations regularly assess employee performance through appraisal systems. Performance evaluation helps in identifying employee strengths and weaknesses. It enables management to take corrective measures for improving service quality. HRA practices assist in linking employee performance with organizational productivity.

Career Development Practices

Tourism enterprises provide career advancement opportunities to employees through promotions and skill enhancement programs. Career development initiatives improve employee motivation and job satisfaction. It encourages employees to remain committed to organizational goals. HRA helps in measuring investments made in employee growth and development.

Employee Engagement Programs

Employee engagement activities such as team-building programs and feedback sessions improve workplace relationships. Engaged employees are more productive and committed to their work. These programs enhance employee satisfaction and reduce absenteeism. HRA practices help in evaluating the cost involved in employee engagement initiatives.

Replacement and Turnover Cost Management

Tourism organizations incur costs when employees leave and new staff are recruited. Replacement costs include hiring, training, and orientation expenses. High employee turnover affects service quality and operational efficiency. HRA practices assist in measuring and controlling employee turnover costs.

Health and Safety Management

Tourism organizations provide safe working conditions for employees. Health and safety measures improve employee well-being and job satisfaction. These practices reduce workplace accidents and absenteeism. HRA helps in assessing the expenditure on employee safety programs.

Knowledge and Skill Development

Continuous learning programs are conducted to update employee knowledge. Skill development improves service efficiency in tourism organizations. It helps employees adapt to technological advancements. HRA practices measure investments made in employee knowledge enhancement.

Work-Life Balance Initiatives

Tourism organizations provide flexible working hours and leave policies. Work-life balance initiatives improve employee morale and reduce stress. These practices enhance employee productivity. HRA assists in evaluating the benefits derived from such initiatives.

Organizational Culture Development

A positive organizational culture improves employee commitment. It enhances teamwork and cooperation among employees. Organizational culture influences service delivery standards. HRA practices help in evaluating investments made in cultural development programs.

Investment in Human Resources

Investment in human resources in the tourism industry has become essential in the present scenario to improve service quality, operational efficiency, and customer satisfaction. Tourism organizations are focusing on structured training, digital skill development, language proficiency, and cross-cultural communication to enhance employee competence in a technology-driven environment. Emphasis is also placed on health, safety, hygiene standards, and sustainable tourism practices to meet global service expectations and ensure responsible tourism development. Leadership development, employee motivation, and retention strategies are being adopted to build a skilled, innovative, and adaptable workforce. Continuous learning and upskilling initiatives further enable tourism professionals to respond effectively to changing market trends, technological advancements, and emerging challenges in the industry. Areas of investment in Human Resources are as under-

Structured Training and Professional Development

Tourism organizations are systematically investing in employee training to enhance operational efficiency and service quality. This includes induction training, customer handling techniques, hospitality etiquette, communication skills, and destination knowledge to ensure consistent service standards.

Digital Skills and Smart Tourism Training

With the rapid digitalization of the tourism sector, employees are trained in the use of online reservation systems, mobile applications, Artificial Intelligence (AI)-based customer service tools, virtual reality tours, and data-driven decision-making platforms to improve customer experience.

Service Quality Improvement Programs

Continuous investment is made in service excellence programs that focus on improving guest satisfaction, managing complaints, maintaining professionalism, and delivering personalized services in hotels, travel agencies, airlines, and tour operations.

Health, Safety, and Risk Management Training

In the present tourism environment, employees are trained in hygiene standards, emergency preparedness, disaster management, first aid, and safety protocols to ensure the well-being of both tourists and staff.

Sustainability and Responsible Tourism Education

Organizations are investing in creating awareness among employees about eco-friendly practices, cultural preservation, environmental protection, waste reduction, and responsible tourist behavior to support sustainable tourism development.

Leadership and Talent Management Initiatives

Tourism enterprises are focusing on leadership development through supervisory training, decision-making workshops, and team management programs to build a competent managerial workforce for effective organizational functioning.

Employee Engagement and Retention Policies

Investment in employee welfare measures such as performance incentives, insurance benefits, career advancement opportunities, flexible working conditions, and recognition programs helps in reducing employee turnover and enhancing job satisfaction.

Cross-Cultural Competency Development

Tourism professionals are trained to interact with international tourists by understanding diverse cultural values, communication styles, customs, and service expectations, thereby improving intercultural relationships.

Innovation and Creativity Enhancement

Human resource investment encourages employees to contribute innovative ideas for tourism product development, service improvement, and marketing strategies, helping organizations remain competitive in the global market.

Language and Communication Skills Training

Employees are provided with foreign language training and communication workshops to facilitate smooth interaction with global tourists and improve the overall travel experience.

Continuous Learning and Upskilling Opportunities

Tourism organizations promote lifelong learning by supporting employees in attending seminars, certification courses, online learning programs, and professional workshops to keep pace with industry changes.

Building Workforce Resilience and Adaptability

Presently, emphasis is laid on developing employees' adaptability to handle uncertainties such as pandemics, technological disruptions, and changing tourist behavior patterns.

Methods for Evaluation of Human Resource Accounting in Tourism Industry

In the human resource context of the tourism industry, the Standard Cost Method helps organizations estimate the cost involved in recruiting, training, and developing employees for various tourism services. The Current Purchasing Power Method evaluates the impact of inflation and changing labour market conditions on employee salaries and training expenses. The Realizable Value and Behavioural Methods assess tourism employees based on their service quality, performance, motivation, and contribution to customer satisfaction. The Goodwill, Intangible Asset, and Competency-Based Methods measure the value of human resources in enhancing brand image, innovation, digital competence, and overall service efficiency in the modern tourism industry.

Historical Cost Method

This method records the actual cost incurred on recruitment, training, and development of tourism employees as an investment. In the present tourism industry, organizations use this method to evaluate spending on skill development, digital training, and service quality improvement programs.

Replacement Cost Method

Under this method, the cost of replacing existing employees with equally skilled personnel is calculated. In tourism, this is particularly relevant due to high employee turnover, helping organizations assess the financial impact of losing experienced staff.

Opportunity Cost Method

This method values employees based on the benefits they could generate in alternative uses within the organization. In tourism enterprises, skilled managers, tour planners, or hospitality experts are valued based on their contribution to profitability and competitiveness.

Present Value of Future Earnings Method

This approach calculates the present value of employees' expected future earnings and contributions to the organization. In the modern tourism sector, it helps measure the long-term value of trained and experienced professionals in delivering sustainable growth.

Economic Value Method

This method estimates the economic contribution of human resources to organizational performance. In today's tourism industry, it reflects the value created by employees in terms of customer satisfaction, brand reputation, innovation, and revenue generation.

Standard Cost Method

This method estimates the standard cost required for recruiting, training, and developing employees for specific roles. In the tourism industry, it helps organizations plan budgets for hiring tour guides, hotel staff, and customer service personnel based on industry standards.

Current Purchasing Power Method

This method evaluates human resource costs by considering changes in inflation and market conditions. In the present tourism scenario, it is useful for assessing the rising cost of employee training, salaries, and retention in a competitive labour market.

Realizable Value Method

Under this method, the value of employees is determined based on the expected revenue they can generate. In tourism, skilled professionals such as travel consultants and hospitality managers are valued according to their contribution to customer acquisition and business growth.

Behavioural Method

This method focuses on evaluating employees based on their skills, motivation, performance, teamwork, and service quality. In the service-oriented tourism sector, employee attitude and behaviour play a crucial role in enhancing tourist satisfaction.

Goodwill Approach Method

This method measures the value of employees based on their contribution to the organization's goodwill and brand image. In tourism enterprises, experienced staff help in building customer trust, loyalty, and destination reputation.

Intangible Asset Valuation Method

In the present digital tourism environment, human resources are treated as intangible assets contributing to innovation, service excellence, and organizational sustainability.

Competency-Based Method

This modern method evaluates employees based on their knowledge, digital skills, communication abilities, and professional competencies required to meet changing tourism industry demands.

IV. Findings Of The Study

The findings of the present study indicate that Human Resource Accounting (HRA) plays a significant role in recognizing, measuring, and managing human capital in the tourism industry. The tourism sector, being highly service-oriented and labor-intensive, depends largely on employee skills, competencies, and performance for delivering quality services and ensuring customer satisfaction. The study reveals that investments in recruitment, training and development, compensation, employee welfare, motivation, and retention directly influence organizational efficiency and long-term sustainability. It is observed that conventional accounting practices fail to recognize human resources as assets, thereby underestimating their true economic value. However, HRA practices provide a systematic framework for identifying and evaluating human capital investments, enabling tourism organizations to make informed managerial decisions. The review of literature supports the view that HRA contributes positively to organizational performance, employee satisfaction, retention, and productivity. Various methods such as Historical Cost Method, Replacement Cost Method, Present Value of Future Earnings Method, Economic Value Method, and Competency-Based Method are useful in measuring employee value in tourism enterprises. The findings further suggest that in the present scenario of digital transformation, globalization, and increasing customer expectations, tourism employees require continuous upskilling in areas such as digital literacy, cross-cultural communication, sustainability practices, and service innovation. Effective HRA practices help organizations monitor employee performance, control turnover costs, and evaluate returns on investment in human capital. Overall, the study highlights that structured human capital investment significantly enhances service quality, brand image, operational efficiency, and competitive advantage in the tourism industry.

V. Conclusion

Human Resource Accounting plays a crucial role in measuring the economic value of human capital in the tourism industry. Since tourism is predominantly a service-based sector, employee efficiency directly affects organizational performance and customer satisfaction. Adoption of HRA practices enables tourism organizations to treat employees as valuable assets rather than operational costs.

In conclusion, the study establishes that Human Resource Accounting is an essential managerial tool for tourism organizations seeking sustainable growth and improved performance. The tourism industry's success largely depends on the quality, efficiency, and commitment of its human resources, as employees directly influence customer experience and organizational reputation. Recognizing human capital as a valuable asset rather than merely an operational expense is crucial in today's competitive and dynamic tourism environment. The adoption of HRA practices enables tourism enterprises to systematically measure investments made in recruitment, training, development, compensation, and employee welfare, thereby improving transparency and accountability in decision-making. By applying appropriate valuation methods, organizations can assess the economic contribution of employees and formulate effective human resource strategies. Furthermore, in the modern context of digitalization, sustainability, and global competition, continuous investment in human capital development has become indispensable. Therefore, the integration of Human Resource Accounting practices in tourism organizations not only enhances managerial efficiency but also strengthens long-term organizational resilience, service excellence, and competitive positioning in the global tourism market. The study concludes that effective implementation of Human Resource Accounting enhances productivity, improves employee retention, strengthens decision-making, and contributes to sustainable growth in tourism enterprises.

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