

***A STUDY OF IMPACT OF HUMAN RESOURCE ACCOUNTING
IN EDUCATIONAL INSTITUTIONS – WITH SPECIAL REFERENCE TO
COLLEGES FROM ULHASNAGAR TO BADLAPUR***

By Neetu Kapoor

Abstract:

It is universally accepted that human resources are important asset of the organization. The success and growth of any organization depends on its human capital. Company spends huge amount in hiring, training and retention of its employees. All such amount spent on human resources is not revenue expenditure but an investment which will increase revenue and profit in the long run. Corporates worldwide has adopted various approaches to value its human assets and incorporates it in their balance sheet. Here is an attempt to quantify the investment made in intellectual and knowledge resources and obtain their future value. This paper aims at studying the concept behind quantifying and accounting for Human Assets in academic institution that help in the development of the institution and society. For this study, four colleges namely Bharat College of Arts & Commerce, C.H.M. College, P.D. Karkhanis College and R.K.T. College have been studied. A questionnaire was used to obtain the opinion of the employees and management in this concept. On the analysis of the data it was discovered that most of the employees and management feel that Human Resource Accounting in academics should be introduced. It is observed that HRA will have a positive impact on the efficiency and productivity of the employee. This will enhance the goodwill of the institution.

Keywords

Human resources accounting, educational institutions, investment, intellectual resources

Introduction

Education plays pivotal role in a nation's social and economic development. Education creates highly talented personnel and nurtures them as better citizens of a country. This service involves huge investment and technical experts but reaps its benefit after a long period. For any knowledge based company or institution, the key factor for success lies in the intellectual workforce and highly skilled employees. Here the basic raw material and finish product is man. (Madhu Arora). In this context, it is very difficult to account the resources of institutions in which profits and productivity heavily depends on intangible assets. Just like any other organisations, educational institutions need skilled and talented personnel to achieve their goals and objectives. It is equally essential to recognize and quantify the productivity of the teaching faculty as done by the corporate for their employees. (Dr.M.L.Vasitha and Mr.B.S.Chauhan)The teaching faculties are the real asset for an educational institution. These Human Assets are of core importance than any other physical assets. (Dr. Anubha Gupta and Vidya Mahesh) Their work need to be recognized and appreciated. It is essential to quantify and account for Human Assets to obtain the real worth of an institution. These value producing assets help in the development of the institution and society.

Here is an attempt to find out the concept behind quantifying and accounting for human assets in academic institutions who are more important than any other asset. This may have positive effect on the productivity of the teaching faculties and Goodwill of the institution. This paper provides a platform for Human Resource Accounting in educational institutions which may help in exploring the hidden talents of the teachers and better service to the institution and society. This study is based on primary and secondary data collected from questionnaire and various other sources.

Objective of the study

This paper mainly focuses on the following major objectives:

1. To find out the acceptability of the concept of HRA to education institutions.

2. To obtain the viewpoints of employees and management in this concept.

Research Methodology

The study mainly focuses on primary data collected with help of questionnaire given to the employees and management of four colleges namely Bharat College of Arts & Commerce, C.H.M. College, P.D. Karkhanis College and R.K.T College located in Badlapur, Ambarnath and Ulhasnagar. 70 respondents including teachers and management people were given questionnaire for collecting data. The questionnaire received completely filled was from 65 respondents. The Secondary data is collected from sources such as internet, research papers, books, articles and journals. This is an exploratory study which determines the priorities for future research explaining the basic concepts. Further research may involve development of a new system for accounting Human Assets in academics.

Limitations

1. Time constrain due to which study was conducted only on four colleges between Badlapur and Ulhasnagar.
2. Low response from the management.
3. This is a futuristic concept where no specific system to quantify and account for Human Assets in educational institution is currently developed.

Review of Literature

1. The result of HRA is useful for the management but Indian law does not provide provision for mandatory disclosure of human resource values in their final reports. (Rakholiya nisharasik bhai and Dr.Prashant Makwana 2012)
2. The models devised so far for Human Resource Accounting are developed keeping in mind the US environment. These models need to be reviewed for India which has a different environment. The concept needs more research to be done to finalise the method of calculating the value of human resources before its implementation. (Mamta Ratti 2012)

3. Strong growth of IFRS may pave way for future financial reports that include the value of human resource using HRA methods. GAAP provides a sophisticated approach for measuring tangible and intangible assts. IFRS may come up with the standard guidelines on HRA which will enhance use of HRA for external users.(Maria L. Bullen and Kel-Ann Eyler)
4. Very few companies in India follow HRA practices and most of the companies disclose a few attributes of HRA. High importance is given only to the cost aspect of employees and less attention is given to the true value of employees. (Nirnay)
5. Limitations and benefits should be considered before implementing human resource accounting (Chekartina BT. Idrus 1992)
6. In order to estimate and project the true worth of human capital, it is essential to quantify qualities such as motivation, knowledge, skill, innovation, initiative and other process such as recruitment, selection, training and development (Dr. Suresh Dhaka and Dradarshpreet Mehta 2013)
7. In India very few companies have identified its value and have implemented it. HR is always regarded as an neglected element and must be considered for betterment. (Dr. R.Srinivasan 2009)

Data Analysis

A study to determine Accounting for human resource in educational institutions is vital in a developing society. This is because academic institutions are those who act as a strong foundation to mould and shape future of India. It is important that their contribution in nation building be recognized and appreciated.

Thus this paper attempts at introducing human resource accounting and its impact in Educational institution. In this paper the author has analyzed the opinion from employees and management of four colleges namely Bharat College of Arts & Commerce, C.H.M. College, P.D. Karkhanis College and R.K.T College with the help of a questionnaire. A five point Likert scale is also used in the questionnaire to arrive at a conclusion where five being highest and one is the lowest. The data was collected from 65 respondents.

Table -1.1

Representing the important items required for academic institutions based on rating.

Ratings	5	4	3	2	1
Course and Fee Structure	15	12	20	10	8
Infrastructure	21	35	8	9	2
Location	13	12	12	24	4
Faculty Proficiency	41	15	6	2	1
Reputation of the Institute	21	9	26	7	2
Administrative Support	6	13	14	11	21

Source: Primary Data

Interpretation

Six parameters are selected which is considered by a person while selecting an educational institution for studies. Data analysis shows that maximum importance is given to faculty proficiency (41) while selecting an educational institution. For infrastructure most of the respondents rated fourth by maximum respondents. Only 13 respondents feel that location is important while selecting an educational institute. 26 respondents rated third for the reputed institute. It was found that administrative was rated lowest while making a choice.

Table – 1.2

Representing reasons to quantify Human Assets based on rating.

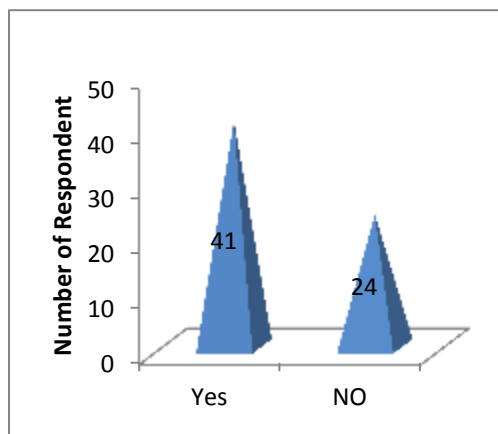
Ratings	5	4	3	2	1
It is a value producing asset.	25	13	10	9	8
An asset which contributes to the development of the society.	27	13	15	7	3
An asset which does not depreciate.	13	12	24	12	4
An asset to extract the real value of an institution.	7	9	12	27	10

Analysis

The above table show various reasons why Human Assets should be quantified and accounted. Four major reasons were identified for valuation of human resources. Here for value producing asset and development of the society most of the respondents have given the rating five (5), for do not depreciate three (3) and 2(two) for real value of an institution. This shows that the highest rating five (5) is fallen for value producing asset and development of the society.

Figure – 1.1

Graph representing the opinion of the respondents with regard to quantifying and accounting for human assets in educational institution



Interpretation

The above graph represents the opinion of respondents to quantify and account for human assets in educational institutions. 41 of the respondents (employees and the management) have said that it is necessary to quantify and account whereas 24 respondents feel it is not.

Table – 1.3

Representing the reasons given by the respondents who feel it is not necessary to quantify and account for Human Assets in academics

Particulars	No. of Respondents
It will increase expenditure	03
It will lead to academicians concentrating more on their own development then of the institution.	01
Institution may over rate their employee to increase their value.	05
It is difficult to quantify.	03
It is a service oriented institution	04
It is not compulsory by Law	05
There will always be an element of biasness	01

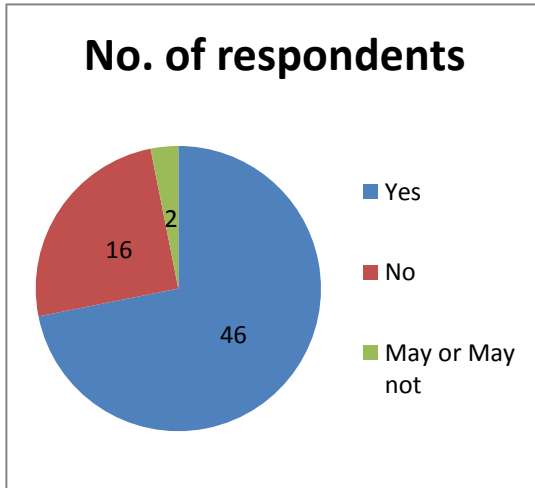
SOURCE: Primary data

Analysis:

Respondents were asked about the reason for not quantifying and accounting human assets. Some of the respondents were of the opinion of not accounting for human assets. Following reasons were mentioned by the respondent in favour of their argument.

Figure – 1.2

Graph representing the respondent’s opinion who agrees that HRA will create a positive impact on the teaching faculties

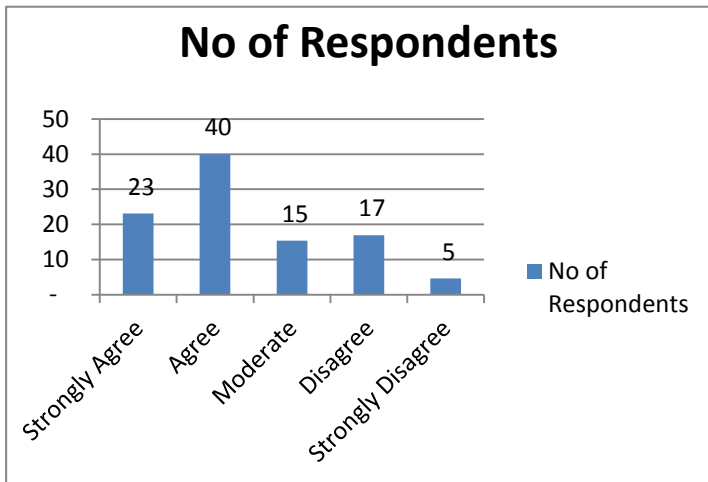


Analysis

The respondents were questioned whether human resources should be quantified and accounted. Majority of the respondents were in favour of HRA but 16 respondents were not in favour of accounting of human assets. Very few were in the dilemma of yes and no.

Figure – 1.3

Graph representing the respondent’s opinion regarding increase in goodwill (reputation) of the institution by introducing HRA



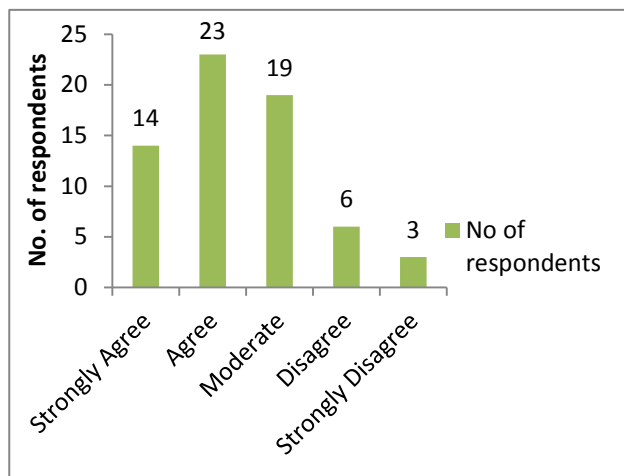
Interpretation

This graph shows the respondent’s opinion regarding increase in goodwill (reputation) of the institution by introducing HRA. Here 40 % of the respondents agree that goodwill of the institution will increase and 23% strongly agree, 5% strongly disagree on this whereas 17% disagrees and 15% are moderate on this concept.

Thus a mixed opinion was received from the respondents.

Figure – 1.4

Graph representing respondents opinion regarding obtaining the real worth of an institution



Analysis

The above graph shows the number of respondents who have agreed that Human Resources Accounting will help to know the real worth of an institution apart from other factors.(other factors being infrastructure, reputation, placements ,course offered etc). Here 23 of the respondents have agreed to this, 19 are moderate, 14 respondents strongly agree. There are 3 and 6 respondents respectively having

opinion for strongly disagree and disagree.

Table – 1.4

Representing increase in efficiency of the teachers and goodwill of the institution by introducing HRA

Particulars	Indicating Goodwill (No. of Respondents)	Indicating Efficiency (No. of Respondents)
No reply	3	2
Yes	33	45
No	29	18

Interpretation

The above table represents the increase in the efficiency of the teachers and goodwill of the institution by introducing HRA. Majority of the respondents have said yes to both the concept

and few have said no. The missing frequency represents the number of people who have not attempted this question.

Findings

- Most of the employees including management have agreed that faculty proficiency is the most important factor in an academic institution.
- Most of the employees have rated infrastructure as the second highest apart from faculty proficiency. This means that infrastructure is also very important.
- The employees and the management feel that Human Resource are the value producing assets who help in the development of the society and help to obtain the real value of an institution for which they need to be quantified and accounted.
- Some of the respondents feel that quantifying and accounting is not necessary for educational institution as it is service oriented and would be an additional expense for the institution.
- Some of them also feel that institutions may over rate and manipulate the value of teachers just to increase the value of the institution.
- 46 respondents have agreed that introduction of Human Resource Accounting will create a positive impact on the teachers.
- Most the respondents are moderate about the increase in goodwill of the institution by introducing HRA.
- 61% of the respondents have agreed that Human Resource Accounting will help to obtain the real worth of an institution. This shows that most of them agree to this concept.
- Majority of the respondent agreed that HRA will increase the goodwill of the Educational institution.
- Maximum were of the opinion recognising human resources in the books will help in increasing the efficiency of the teachers.

Conclusion

In today's competitive world, intellectual capital plays the major role in the development and growth of the organisation. Knowledge assets are always considered as the most negligible asset. This important asset is very crucial to quantify and account. The success of any academic institution is heavily dependent on human assets more than physical assets, they need to be quantified and accounted. Their worth and hard work need to be given a recognition. This study mainly aims at Human Recourse Accounting in Educational Institution which is a new concept in this era. This is a futuristic concept where a new system to account the employees, especially teachers need to be developed. This new development in educational institution will give a platform for the teachers for exploring new ways of learning and teaching, help them in inner engineering which in turn has a great impact on the student's life that shape tomorrows India.

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